CANADIAN NATURAL RESOURCES LIMITED

ANNUAL REPORT 2000

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Notice of Annual Meeting

The annual meeting of shareholders will be held at 3:00 p.m. on Thursday, May 10, 2001 in the Ballroom of the Metropolitan Centre, Calgary, Alberta. All shareholders are invited to attend.

Company Definition

Throughout the annual report Canadian Natural Resources Limited is referred to as "Canadian Natural" or the "Company".

Volume Reporting

All production, sales and reserve statistics are Canadian Natural's working interest amounts before deduction of royalties, unless stated otherwise. Where volumes are reported in barrels of oil equivalent, natural gas is converted to oil at six thousand cubic feet per barrel unless otherwise noted. This conversion ratio approximates relative heating values. The ratio is being adopted by more Canadian oil and natural gas companies and investment analysts and is more common outside of Canada, particularly in the United States.

Forward-looking Statements

Certain information regarding the Company contained herein may constitute forward-looking statements under applicable securities laws. Such statements are subject to known or unknown risks and uncertainties that may cause actual results to differ materially from those anticipated or implied in the forward-looking statements.

ON THE COVER: The gyroscope featured on this year's annual report is symbolic of the constant balancing of the Company's assets. In 2000, Canadian Natural Resources Limited expanded into international areas to add additional light oil properties to its operations.

Defined Profitable Growth

In another year of tremendous growth, Canadian Natural Resources Limited expanded its strong base of Canadian operations into the international arena with the acquisition of Ranger Oil Limited. Ranger's technical resource group, experienced in international operations, joined Canadian Natural's team to assist the Company with the newly acquired base of producing assets in the North Sea, the United States and Offshore West Africa.

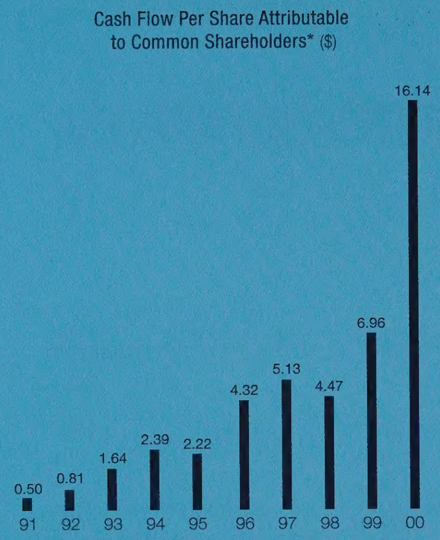
Canadian Natural had already grown to be one of Canada's largest independent oil and gas producers, an achievement based on adhering to its corporate strategy of complementary acquisition, exploration and exploitation. Canadian Natural has built a strong and diversified asset base in the Western Canadian Sedimentary Basin with a production base balanced between natural gas, light and medium oil, conventional heavy oil and thermal heavy oil.

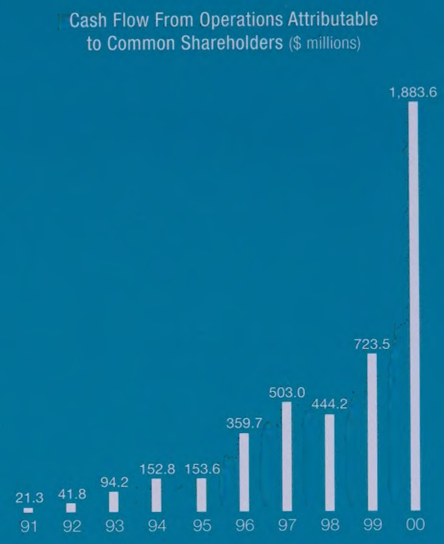
Canadian Natural is moving forward with tremendous growth opportunities in Canada, and a platform for growth internationally.

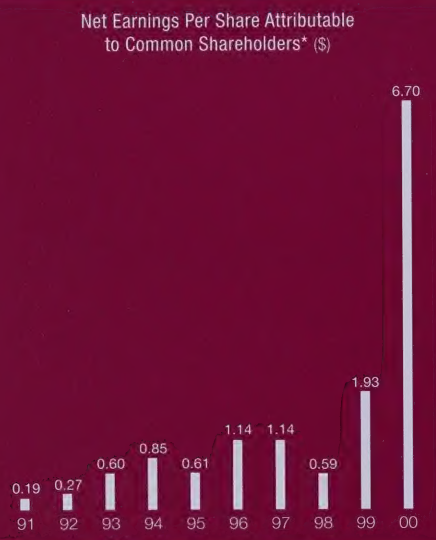
HIGHLIGHTS

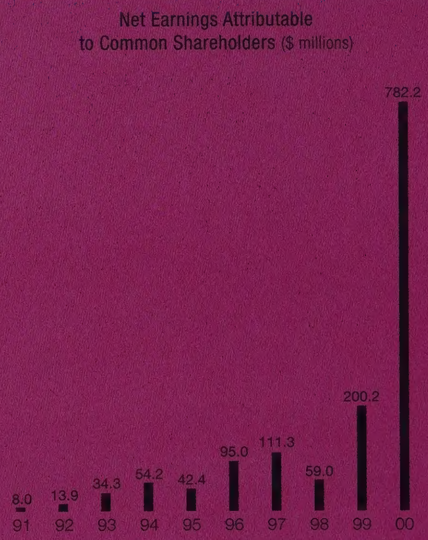
	2000	1999	1998
FINANCIAL (millions of Canadian dollars, except per share data)			
Gross revenue	**$ 3,222.5**	$ 1,286.8	$ 877.6
Cash flow from operations attributable			
to common shareholders	**$ 1,883.6**	$ 723.5	$ 444.2
Per share	**$ 16.14**	$ 6.96	$ 4.47
Net earnings attributable to common shareholders	**$ 782.2**	$ 200.2	$ 59.0
Per share	**$ 6.70**	$ 1.93	$ 0.59
Net reserve replacement expenditures	**$ 2,817.4**	$ 1,904.4	$ 581.0
Long-term debt	**$ 2,454.5**	$ 2,156.8	$1,425.5
Shareholders' equity	**$ 3,216.9**	$ 1,892.0	$1,277.4
OPERATING			
Daily production			
Crude oil and natural gas liquids (thousand barrels)			
North America	**154.3**	86.8	75.7
North Sea	**17.2**	–	–
Other International	**2.1**	–	–
	173.6	86.8	75.7
Natural gas (million cubic feet)			
North America	**792.9**	721.0	672.6
North Sea	**1.5**	–	–
	794.4	721.0	672.6
Barrels of oil equivalent (thousand barrels)	**306.0**	206.9	187.9
Reserves, before royalties			
Crude oil and natural gas liquids (million barrels)			
Proven			
North America	**642.4**	553.5	287.0
North Sea	**101.9**	–	–
Other International	**36.7**	–	–
	781.0	553.5	287.0
Probable			
North America	**88.0**	86.4	97.2
North Sea	**32.6**	–	–
Other International	**9.7**	–	–
	130.3	86.4	97.2

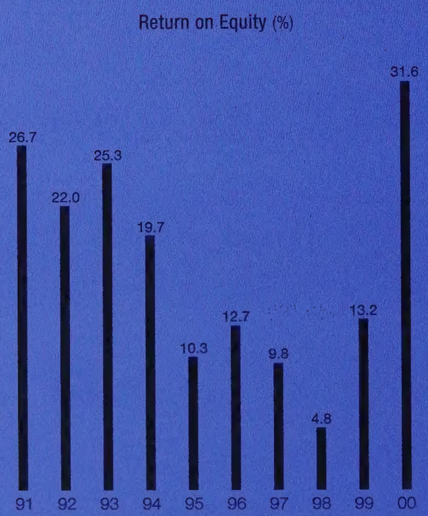
	2000	1999	1998
Natural gas reserves (billion cubic feet)			
Proven			
North America	**2,360.1**	2,183.1	1,905.2
North Sea	**91.3**	–	–
Other International	**65.4**	–	–
	2,516.8	2,183.1	1,905.2
Probable			
North America	**402.1**	364.2	310.5
North Sea	**22.8**	–	–
Other International	**19.3**	–	–
	444.2	364.2	310.5
Barrels of oil equivalent (million barrels)			
Proven	**1,200.5**	917.4	604.5
Probable	**204.3**	147.1	149.0
	1,404.8	1,064.5	753.5
Average Prices			
Crude oil and natural gas liquids (per barrel)			
North America	**$ 28.15**	$ 21.04	$ 12.93
North Sea	**$ 44.61**	$ –	$ –
Other International	**$ 45.77**	$ –	$ –
	$ 29.99	$ 21.04	$ 12.93
Natural gas (per thousand cubic feet)			
North America	**$ 4.53**	$ 2.36	$ 2.12
North Sea	**$ 3.66**	$ –	$ –
	$ 4.53	$ 2.36	$ 2.12
Drilling activity (net wells)			
North America	**812.3**	727.3	357.9
North Sea	**1.0**	–	–
	813.3	727.3	357.9
Core undeveloped land holdings (thousands of net acres)			
North America	**6,105**	4,849	4,423
North Sea	**211**	–	–
Offshore West Africa	**1,528**	–	–

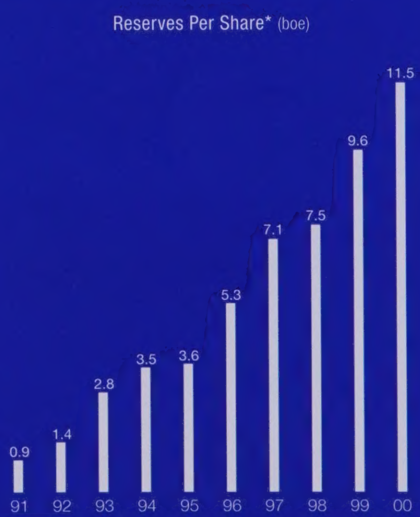












* Restated to reflect two for one split in June 1993.

The year 2000 developed into another exciting year for Canadian Natural with continued growth and creation of shareholder value. The financial and operating results achieved by our Company reached record levels, far surpassing the targeted levels set at the beginning of the year.

Canadian Natural delivered returns on equity (32 percent) and capital employed (18 percent) that are in the top echelon of our competitive peer group. On a per share basis, the Company saw continued growth in our earnings, reserves and production of oil and natural gas. With our well-defined financial and operating principles and our firmly established growth strategies, Canadian Natural has a clear path to continued profitable growth.

Our long-term growth strategy is based on ensuring financial strength and operational flexibility. Since being adopted in 1989, the success of this strategy has been based on fundamental principles of effective cost controls, manageable bank debt and a defined growth strategy. The central parameter of the growth strategy is to continue to build a diversified asset base which is balanced between heavy oil, light oil and natural gas. In 1999, we substantially increased our asset base through the acquisition of the oil assets of BP Amoco. In July 2000, we executed a further phase in our growth strategy with the acquisition of Ranger Oil Limited ("Ranger"). This acquisition not only expanded our operations in three of our core areas in Western Canada but also established a platform for international operations. Canadian Natural is now in an excellent position to assess and pursue opportunities as they arise in other parts of the world.

The Ranger Acquisition

The acquisition of Ranger has provided opportunities which are integral to Canadian Natural's growth strategy. We hold a significant amount of undeveloped acreage and infrastructure in the traditional exploration and development areas of the Western Canadian Sedimentary Basin. While there remains tremendous opportunities for long-term growth in that basin, we determined that, from a broader perspective, it was also necessary to expand into areas with the potential to further support our strong financial and operational performance. Our criteria for taking such a step was to acquire an operating entity with international operations and near-term production to serve as a foundation for future growth.

Canadian Natural Management Team
Standing: Allan Markin, Réal Doucet, Steve Laut, Philip Dimmock, Allen Knight, Brian Illing, Réal Cusson
Seated: Lyle Stevens, John Langille, Tim McKay.

Ranger not only met our criteria, but there were definite synergies with our existing operations. The Canadian assets of Ranger, which accounted for over 50 percent of the acquisition value, were a strong strategic fit with our ongoing Canadian operations. Both companies shared natural gas production and knowledge of reservoirs in Northeastern British Columbia and South Central Alberta. Ranger's heavy oil production area was contiguous with our operations in Eastern Alberta, which has created significant cost-saving opportunities. With the two operational bases combined, future heavy oil development and exploration can be conducted more efficiently and economically. In keeping with our strategy of maintaining a balanced production mix, Ranger's international assets were predominantly light oil.

Ranger also owned a 50 percent interest in a 150-mile insulated heavy oil pipeline transporting oil in our heavy oil corridor of Eastern Alberta. Subsequent to year-end, Canadian Natural acquired the other 50 percent interest, which is the first step for expanding our heavy oil operating activities to capture values beyond the production phase.

Immediately following the closing of the acquisition, Ranger's Canadian operations were integrated with Canadian Natural's operating base and the international office began working together with our head office. We estimate overall cost savings of over $50 million annually from combining the companies. Internationally the Company has established two core regions - the United Kingdom sector of the North Sea and Offshore West Africa. These regions account for approximately 13 percent of our current production, but provide an important base for further growth in 2001 and beyond.

2000 Highlights

Canadian Natural's cash flow for the year amounted to $1.9 billion or $16.14 per common share. This level of cash flow was more than 2.5 times 1999 cash flow of $723 million ($6.96 per common share). As importantly, we continued to be at the top of our peer group when converting cash flow into earnings, with earnings amounting to 42 percent of cash flow. Total earnings attributable to common shareholders for the year amounted to $782 million or $6.70 per common share, approximately four times the record earnings of $200 million ($1.93 per common share) reached in 1999. These strong financial results are due to record high production volumes of oil and natural gas, together with increased amounts realized after royalties and operating costs from the sale of these products.

Average production volumes for 2000 were up 48 percent over 1999 to 306,000 barrels of oil equivalent per day, which exceeded the upper end of Canadian Natural's targeted range of volumes for the year. Daily oil production doubled to a yearly average of over 173,000 barrels, while the net amount realized for each barrel of oil grew by 48 percent to $20.56. Sales of natural gas increased 10 percent to average 794 million cubic feet per day, with the net realized amount growing by 94 percent to $3.01 per thousand cubic feet. The average sales price received for a barrel of oil in 2000 was $29.99, while the sales price for natural gas increased to an average of $4.53 per thousand cubic feet. Cash flow per barrel of oil equivalent increased 76 percent to $16.86 per barrel of oil equivalent in 2000. This level of cash flow per barrel of oil equivalent enabled Canadian Natural to exceed its targeted recycle ratio of two times with an actual recycle ratio of 2.7 times.

Year-end proven and probable reserves of oil and natural gas exceeded 1.4 billion barrels of oil equivalent, comprised of 900 million barrels of oil and 3 trillion cubic feet of natural gas. This represented a 16 percent increase in natural gas reserves and a 42 percent increase in oil reserves from the beginning of the year. The net present value of these reserves at a 10 percent discount factor is in excess of $12 billion. The production life of these reserves is 13 years on a barrel of oil equivalent basis, with the natural gas reserve life at 10 years and oil reserves at 14 years.

Proven reserves, which account for over 85 percent of the total reserves, grew over 30 percent to 1.2 billion barrels of oil equivalent. At the end of 2000, approximately 35 percent of the proven reserves were classified as proved undeveloped reserves, reflecting the large strategic base of assets held by Canadian Natural in Canadian oil sands leases. No reserves were recorded for our 100 percent interest in oil sands leases at the newly named Project Horizon oil sands project (formerly known as Mic Mac) in the Fort McMurray area of Alberta.

In 2000, Canadian Natural replaced, on a barrel of oil equivalent basis, more than four times its production. Natural gas production was replaced by reserve additions equal to 2.4 times year 2000 production, while reserve additions replaced oil production by more than five times. This reserve replacement was achieved at an all-inclusive finding and developing cost of $6.23 per barrel of oil equivalent.

Clear Path to Profitable Growth

Canadian Natural has consistently delivered value and growth by adhering to our long-term growth plan. With the overriding focus of maintaining balance sheet strength, this plan incorporates a defined strategy that balances exploration and acquisitions with the cost-effective exploitation of producing assets. We focus on core areas where we understand the limitations and extent of both the area and the product produced. We strive to operate all our drilling and production activities with 100 percent working interests. This concentration provides maximum flexibility to drive our own agenda for the timing and extent of our exploration and development plans.

Our strategy of maintaining balance sheet strength and capital discipline was evident in 2000 as we allocated funds to pay down our debt without affecting our production growth. In the second half of the year, we repaid more than $750 million of debt from cash flow that exceeded our planned capital expenditures. Our net indebtedness of $2.5 billion at December 31, 2000 represents 1.3 times our cash flow for 2000 and only 1.1 times the annualized fourth-quarter cash flow. In addition, our debt to book equity ratio fell to under 50 percent, at 44 percent, and the fixed-rate portion of our debt increased to 23 percent of total debt as compared to only 6 percent at the end of 1999.

We have established a well-defined asset base with a balanced production mix. Our forecasted production in 2001 on a barrel of oil equivalent basis will be 39 percent natural gas, 30 percent light and medium oil, 20 percent conventional heavy oil and 11 percent heavy oil from thermal operations. In addition, we own assets not typically associated with exploration and development companies. These assets include two operating oil sales pipelines and a 50 percent interest in an electrical co-generation facility, which sells excess electricity into the Alberta electrical grid, as well as an interest in an oil pipeline currently under construction. This balanced asset and production base gives us flexibility to allocate capital expenditures to projects that can provide the greatest long-term value for Canadian Natural. This flexibility also allows us to respond quickly to opportunities as they arise.

Canadian Natural has a strong inventory of projects targeting defined growth over both the short and longer term. Growth in natural gas production will be developed throughout our traditional core areas in Western Canada. Canadian oil production growth in 2001 will come from the low cost heavy oil region at Pelican Lake and the long life reserves at Primrose in Alberta. International oil production growth in 2001 will be concentrated in the North Sea with the completion of permanent production facilities at Kyle and the re-commencement of production from the Banff field, after repairs were made to the Floating Production Storage and Offtake vessel. In 2002, oil production growth will continue from further development drilling at Kyle in the North Sea and development work being carried out in 2001 at the Espoir field in Cote d'Ivoire.

Our longer-term asset base also continues to expand. At the Alberta government land sale held in December 2000, we acquired additional oil sands acreage adjacent to our oil sands project located north of Fort McMurray, Alberta. These additional lands will enhance the long-term growth strategy from the oil sands segment of our business and augment the orderly development of our leases. With this additional acquisition we now hold over 96,000 acres in the area. The lands are conducive to production of oil using both surface mining technology, as well as in-situ recovery processes. We are proceeding with the preparation of the necessary regulatory approvals, scoping and feasibility studies required for ongoing development of this project.

2001 Outlook

Production in 2001 is forecast to average 350,000 to 360,000 barrels of oil equivalent per day. Oil production will average 215,000 to 225,000 barrels per day, while natural gas production will average 825 to 850 million cubic feet per day. Using commodity prices in line with the current pricing assumptions in the futures markets, we expect to generate cash flow in excess of $2.3 billion.

Our capital expenditures for 2001, including a $250 million provision for acquisitions in the normal course of business, will be $1.5 billion. Of this total expenditure, approximately 15 percent is allocated to operations outside Canada, $30 million is directed to the Project Horizon oil sands development and $50 million is apportioned to pipelines and other midstream assets. The balance of the expenditures will be for exploration and development activities in Canadian Natural's core areas in Western Canada.

The excess of cash flow over planned capital expenditures will be directed to repayment of bank debt and a return to shareholders in the form of a dividend payment pursuant to the Company's recently established dividend policy. In addition, in January 2001, the Board of Directors approved a normal course issuer bid to re-purchase common shares of Canadian Natural on the open market. To the end of February 2001, a total of 604,900 common shares have been acquired by the Company under the bid.

Welcome and Thank You

We take this opportunity to welcome those employees formerly with Ranger who have continued with Canadian Natural and all the employees who have joined the Company in the last year. Our success would not be possible if it were not for the dedication of our directors and employees acting together with our mission – "to develop people to work together to create value for the Company's shareholders with fun and integrity". Their continuing efforts ensure Canadian Natural will meet or exceed its targets and continue to achieve our goal of creating long-term shareholder value.

On behalf of the Board of Directors,

John G. Langille
President
March 20, 2001

Allan P. Markin
Chairman

OUR WORLD-CLASS TEAM

Lonnie Abadier
Cheryl Agnew
Sina Akinsanya
Brian Akre
Chris Alderson
Gregory Alexander
Elena Algazina
John Allen
Eva Almeida
Gordon Almond
Cheryl Ambler
Bruce Anderson
John Anderson
Kelvin Anderson
Murray Anderson
Richard Anderson
Todd Andrews
Gloria Angeles
Kari-Lou Antolic
Shelley Antonuk
Cheryl Appleton
Jim Archibald
Evalynn Arden
John Argan
Mark Ariss
James Arkley
Markos Armanious
Rob Armstrong
Richard Arp
Jacqueline Asso
Victoire Sialla Assohou
Maguy Aude Atheba
Clifford Atkinson
John Atkinson
Aggie AuCoin
Marvin Auger
Bernard Auger
Leon Auger
Charles Badiou
Janice Baik
Michael Baik
Craig Bailey
Dwayne Bailer
Fatou Bakayoko
Chris Baker
Reginald Baldock
Vaughn Baldwin
Sheldon Ballas
Darwin Banash
Teresa Banny
Jack Bardahl
Garry Bardoel
Larry Bardoel
Suchada Barker
Carey Barnstable
Lisa Barrett
Paul Barrett
Carrie Barter
Marty Bartman
Colin Beaman
Laurier Beaunoyer
John Becher
David Bechtel
Robert Befus
Paul Beilby
Lesley Belcourt
David Bell
David P. Bell
Jon Bell
Ronald Bell
Reg Bellanger
Wes Bensmiller
Bonnie Benson
James Bentley
Linda Bentley
Linda Beresh
David Berger
Doris Bergeron
Jeffrey Bergeson
David Biagi
Corey Bieber
Inge Biener
Linda Bigelow
Rob Bilsland
Roger Bintz
Rick Birn
Mark Bishop
Andrew Bizon
Kevin Bjornstad
Jennifer Black
Kenneth Blackhall
Barbara Blacklock
Kerri Blackmore
Melissa Blackwell
Deana Blais
David Blake
Shamane Blake
Shawna Blanchard
Chris Blatchly
Dwayne Blenner-Hassett
Vikki Bochon
Darcy Boettger
Marty Boggust
Shawn Bond
Jill Bonkowsky
Patricia Booklall
Jayne Booth
Albert Bordeleau
Kerrie Bordeleau
Suzanne Boudignon
Slade Bowers
Donna Bowles
Dale Boychuk
Jeffrey Boyd
Patrick Boyd
Aaron Boyer
Victoria Boyle
Neil Bozak
Bryan Bradley
Marianne Brady
Eleanor Branagh
Myron Brataschuk
Brad Braun
Rob Braun
Colin Brausen
Joseph Breland
Paul Breland
Barry Brick
Ken Brinkac
Shawn Brockhoff
Clint Brooks
Steve Brown
Robert Brownless
Elizabeth Brownrigg
Gordon Bryant
Rick Buchanan
Chris Bulley
Clarence Bur
Trevor Burchenski
Grant Burgess
Jacquie Burke
Rick Burns
Sharon Burns
Leanne Butz
Richard Calliou
Ventura Cambundo
Lorraine Cameron
Tyson Cameron
Clayton Campbell
Dean Campbell
Robert Campbell
Andre Campeau
Maria Campos
John Capstick
Harley Cardinal
Myles Cardinal
Sharon Cardinal
Terry Cardinal
Wayne Cardinal
Jim Carey
Ian Carleton
Stephanie Carolan
Rick Carr
Gary Case
Trevor Cassidy
Neil Cathmoir
Mike Catley
Nicky Caven
Dante Cay
Ozlem Cetin
Ernest Chachula
Jeannette Chamberlain
Irene Chamberland
Jik Chan
John Chan
Sarah Chan
Alan Chaney
Todd Chapman
Darryl Charabin
Rachel Charman
Stephen Chastell
Mike Chernichen
Jerry Chessell
William Chiverton
Jessica Choi
Raymond Chong
Wayne Chorney
Sherry Chow
Jeannie Choy
Alphonse Chretien
Heather Church
Kadia Cisse
Stella Clapham
William Clapperton
Andrea Clark
Mike Clark
Greg Clegg
Dale Coburn
Judith Cochran
Sabrina Colangelo
Martin Cole
Lilie Collins
Brad Cook
Kent Cooper
Gordon Cormack
Rosetta Cormier
James Corner
Wayne Cote
Juan Cottier
Dave A. Cousins
David H. Cousins
Gordon Coveney
Keith Cowger
Nigel Crabb
Harry Crabtree
Layne Craig
Bruce Crain
Trisha Crawford
Beverley Creed
Roger Crichton
David Cridland
Christopher Cross
Lloyd Cross
Kirby Crowell
Reynaldo Cruz
Anthony Csabay
Corinna Culler
Arley Currie
Stuart Curtis
Kenneth Cusack
Pat Cusack
Réal Cusson
André Da Costa
Helder Da Silva
Ivone Da Silva
Eliane Kodjo Dakaud
Layne Dalgetty
Walter Danchak
Simon Daniel
Gene Danyluk
Lynne Darlington
Todd Davidson
Randall Davis
Robert Davis
Stephen Davis
Leonard Dawe
Robert Day
Claudia De La O
Harry Dean
Raymond Dechaine
Roland Dechesne
Ian DeGiano
Barbara Deglow
Bonnie Deis
Eric de Kock
Benita DeLorenzo
Michael Delorme
Karen Demers
Peter Dempsey
Edward Deren
Betty Der-Griffiths
Catherine Desjarlais
Michael DesRoches
Laurie Devey
Dease Devine
Noreen Devji
Karen DeYaegher
Sonia Dhuga
Aldo Di Flumeri
Karim Mounian Diallo
Sandy Diguer
Irene Dikau
Philip Dimmock
Mike Dingley
Scott Dionne
Shawn Doble
John Dodman
Conrad Dombowsky
Kelly Dombrosky
Manuel Domingos
Denise Donald
Minh Dong
Veronica Dooling
Tim Dootka
Sascha Dorer
Réal Doucet
Blair Dow
Dahl Dow
Angela Dowd
Bobby Dreger
Colleen Drury
John Drury
Steve Drysdall
Jon Dudley
Simon Dugdale
Albert Duhaime
Cheryl Dumais
John Dumais
Gladiola Dumitrescu
Harry Duncan
Sean Duncan
Harvey Dutchak
Scott Dutkiewicz
Eugene Dyjur
Gary Earl
Kevin Earle
Suzanne Eaton
Greg Ecker
James Edens
Josephine Angie Edoukou
John Elgar
Carole Eliuk
Anthony Ell
David Ellis
Jerry Enders
Rommel Engler
Joanne English
Sean Estell
Monique Evans
Maureen Evers-Dakers
Mike Eynon
Heather Fahey
Catherine Falconer
Andy Fankhauser
Denise Farrell
Tim Farrell
Arthur Faucher
Karman Fayant
Brian Fehr
Ira Feland

Kurt Fenrich
Joaquim Fernandes
Magdalena Ficek
Darren Fichter
Jerry Field
Michael Filipchuk
Rod Fitzpatrick
Craig Flamand
Debbie Flanagan
Paul Flanders
Ken Fleck
Rodney Flett
Trevor Flood
Edmond Foisy
Hop Chi Fong
Gregory Fontaine
Robert Fontaine
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Kelly Gagne
Scott Gair
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Ron Gall
Michael Gallon
William Galloway
Yoko Galvin
Alicia Garay
Gerri Gaughan
Maurice Gauthier
Alain Gbo
William George
Michel Germain
Raymond Germain
Clark Getz
Helga Giles
Ralph Gill
Sharen Gillett
Doug Ginn
Francis Gladue
Marvin Gladue
Russell Gleed
David Golden
Susan Gole
Yvon Gosselin
Allan Gould
Sandra Goundrey
Jacqui Grant
David Gratton
Derek Greidanus
Robert Gullion
Shane Gullion
Swarna Gunaratne
Carolyn Gunderson
Edward Gushnowski
Elaine Gussman
Graham Gustafson
Russ Guyatt
Violet Haddad
Jenise Hagel
Egbert Hagens
Sam Hajar
Shemin Haji
Dean Halewich
Rick Halkow
Robert Hallett
Jim Hamilton
Tim Hamilton
Kevin Hamm
Rick Hammond
Dave Handy
Kent Hardisty
Ken Harke
Erik Haroldson
Bill Harris
David Harris
Jody Harris
Roger Harris
Lisa Hartman
Mike Harty
Jerry Harvey
Wayne Hatton
David Haywood
Angela Head
Jay Heagy
Larry Heath
Terry Heck
Steve Hedley
Ken Hedstrom
Judy Henderson
Mark Hendricks
Anita Hennig
Lesley Henty
Judith Hermann
Michele Herron
Dan Hiebert
Matthew Higgins
Gordon Hill
Michael Hill
Jocelyn Hillier
James Hinde
Barbara Hofer
Kevin Hoium
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Andrew Holding
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Linda Holman
Ian Holmes
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Carolyn Honeyman
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Hans Hoogendam
Bill Horne
Keith Hornseth
Joanne Huang
Judy Huebert
Mark Hughes
Terry Humbke
Robert Hunter
Ray Hutscal
Bruce Hutt
Donald Huxley
Matthew Ilchuk
Brian Illing
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Anne Irving
Karen Ivan
Kevin Jackson
Ken Jacobson
Todd Jacula
Chris James
Leonard Janzen
Calvin Jarratt
Brent Jensen
Kevin Jensen
Parry Jensen
Qi Jiang
Agostinho Joao
Terry Jocksch
David Johnson
Evan Johnson
Greg Johnson
Jeffrey Johnson
Delbert Jones
Mark Jones
James Jung
Dale Kachowski
Asif Kachra
Carol Kadutski
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Alice Karg
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Lynn Kasper
Shelina Kassam
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Stacey King
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Patrick Kirrane
Brent Kissel
Mario Kiteculo
Cody Klatt
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Gary Krushell
Gabriel Krywolt
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Frank Kurucz
Myron Kusiak
Harvey Kvile
Kelly Kwiatkowski
Loretta Kwiatkowski
Angele Kwon
Bob Kyllo
Philippa LaBossiere
Mitzi LaChance
Philip Lafond
Michael Lahure
Cassandra Lai
Sing Lai
Mahmud Lalani
Jacqueline Lamb
Richard Lameman
John Langille
Carolyn Langpap
Pamela Lapp
Melvin Lapratt
Robert Larson
Daniel Lastiwka
William Latchuk
Glenda Latham
Janet Latour
Joan Latter
Steve Laut
Ewen Lawrence
Brian Lawson
Lezlie Lawson
Sharon Layton
Greg Lazaruk
Susan Leak
Margo Lebel
Murray Lechelt
Dale Lee
Earl Leer
Kevin Legault
Mark Leggett
Mark Lenson
Gary Leong
Stephen Lepp
Gerry Leslie
Marcus Lethaby
Esther Leung
Sandy Leung
Maurice Levac
Tracy Levasseur
Tracy Levia
Shelly Lewchuk
Craig Lewington
Heather Lichtenbelt
Sydney Lillies
Bonnie Lind
Dale Lloyd
Kendall Locke
Carolyn Lockyer
Joy Lofendale
Shauna Logan
Randal Logelin
Rodney Logozar
Brandice Long
Stuart Lonsdale
Darin Lorenson
Bob Lorinczy
Nancy Lotocki
Darryl Lowe
Devin Lowe
Gerd Lucas
Don Luckinbill
Michel Lufiauluisu
Wes Lundell
Rees Lusk
Wendy Lutzen-Askew
Kelly Ma
Peter Macdonald
Allan MacKenzie
Graeme MacKenzie
Ken MacKenzie
Ryan MacKenzie
Shawn MacKenzie
Joseph MacKinnon
Susan MacLean
Anne MacNeil
Marilyn Macoy
Jane Mactaggart
Bruce Maddex
Moises Madelena
Markus Maennchen
Mike Magnusson
Bill Mah
Joey Majerech
Anita Mak
Jim Mak
John Malachowski
Lawrence Malek
James Maloney
Peter Manchak
Mike Manchen
Leonard Mandrusiak
Darcy Mandziak
Phil Mann
Roy Marceniuk
Ronald Marcichiw
Allan Markin
Andy Marsh
Sally Marshall
Robert Martin
Richard May
Brent May
Deirdre Mazur
Toni McCarthy
Christina McGeough
Brenda McGinnis
Frances McGlynn
Robert McGowan
Bruce McGrath
Carol McGrath
Mavis McGuire
Karen McInnis
Carmen McKay
Kim McKay
Lindsey McKay
Rod McKay
Tim McKay
Beth McKendrick
David McKinnon
Douglas McLachlan
Marla McLean
David McNamara
Elaine McPherson
Casey McWhan
Barry Meier
Daniel Meier
Kelly Meier
Monty Meikle
Belinda Meller
Jean Melnychuk
Melissa Melnychuk
Timothy Merk
Danny Merkley
Dwight Mervold
Jeaneta Mesquita
Rick Meyers
Murray Michie
Dale Midgley
Jane Mikalsky
Jacqueline Miko
Kathy Mikulcik
Jeffrey Miller
Marsha Miller
Noel Millions
John Mills
Ronald Mills
Chris Millyard
Michelle Minick
Denis Mino
Kerry Minter
Maria-Celeste Miranda
Charlene Misurelli
Stacey Mitchell
Derek Moir
Rosa Moises
Mimi Mok
Rick Monteith
Paula Montgomery
Melinda Moore
Jason Moravec
Anne-Marie Moreno
Marcia Morgan
Nicolette Morgan
Shaun Morozuik
Justin Morrison
Wesley Morrow

Carole Morton
Robert Mosoronchon
Paul Mossey
Donald Mudryk
Wayne Mudryk
Lee-Ann Mules
Dean Murray
William Muss
Kevin Mutch
Luciano Muzzin
Lorna Myers
Scott Myers
David Myshak
Melonie Myszczyszyn
Richard Nachtegaele
Elly Nance
Rick Napier
Bill Navratil
Randy November
Vincent Nelson
Brad Nessman
Monty Neudorf
Jason Newman
John Newman
Kevin Newton
Thu-Van Nguyen
Tai Nguyen
Fawn Nichol
Lyle Nichols
Josie Nicolajsen
Ian Noble
Scott Noble
David Noel
Greg Nolin
Robert Norman
Troy Normand
Darcy Nowak
Edward Nunes-Vaz
Kelvin Nurkowski
Robert Nuytten
Wayne Nyholt
Jason Nykolaychuk
Katie Oates
Vicky Oldham
Dianne Oliveira
Antonella Olivito
Jason Ollikka
Richard Olsen
Vane Orcutt
Steve O'Reardon
Flora O'Reilly
Colette Orr
Neil Orr
Wayne Otteson
Jolanta Ouellette
Peter Owens
Dennis Ozaruk
Doug Page
Marcus Pagnucco
Tammy Palardy
Michael Palmer
William Palmquist
Bernard Parenteau
Clement Parenteau
David Parker
Lawrence Paslawski
Randy Passmore
Rick Pay
David Payne
Dean Payne
Laurel Payten
Shawn Pedersen
Brian Pederson
Kevin Pennington
John Perepelecta
Tarla Persaud
Bill Peterson
Brenda Peterson
Henry Petrie
Rodney Petrie
Lucyna Pettigrew
Tom Phan
Ron Pilisko
Susan Pinel
Nigel Platt
Donna Playfair
Louis Plouffe
Ted Plouffe
Hector Poirier
Marie-Anne Poirier
Eleanor Polson
Robert Pool
Chris Poole
Carol Porter
Patti Postlewaite
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Neil Powell
Susan Powell
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Jacques Proulx
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Maurice Raiwet
Myron Rak
Maritess Ramirez
Kerri Ramsbottom
Stojan Ratkovic
Brenda Read
Duane Reber
David Reddecliff
Bernie Redlich
Lori-Anne Reed
Tim Reed
Duncan Rehm
Carmon Reich
Jim Reichert
Stefan Reiter
Pat Reynolds
Warne Rhoades
George Rhyason
Robert Richardson
Wesley Richardson
Robert Riddell
Joanne Riggall
Carl Ringdahl
Robert Ringuette
Jimmie Roberts
Elaine Roberts
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Nancy Robertson
Reg Robertson
Gene Robinson
Roger Rodermond
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Dwayne Romanovich
Joy Romero
Linda Romness
Dennis Ross
Graham Rosso
Rick Rosychuk
Tom Roth
Lorraine Rothfus
Scott Rowein
Alvin Rubbelke
Bruce Russell
Mark Russell
Colin Russett
Matthew Russett
Brian Rutledge
Hal Rutz
Tony Sabelli
Mikael Sabo
Lupita Saldivar
Pedro Salomao
Uranela Samardzic
Erin Sanderson
Pearl Sands
Joselina Santos
Rosa Santo
John Sargent
Lisa Saumier
Marlene Saunders
Christine Savary
Luc Savoie
Denise Sawchyn
Robert Schaap
Judy Schafer
Alison Scheers
Lance Schelske
Sally Schick
Ronald Schlachter
Todd Schlaht
Beat Schmid
Raquel Schmidt
Valerie Schmidt
Craig Schneider
Ronald Schnieder
Stephen Schofield
Norm Schonhoffer
Emily Schroeder
Anna Schuler
Donna Schuler
Stephen Schultheiss
Marilyn Schultz
Lorne Schwetz
Lorraine Schwetz
Curtis Scott
John Scott
Marjorie Scott
Ronalda Scott
Brian Segouin
Roland Senecal
David Sergeant
Ken Seymour
Gilbert Shantz
Marilyn Shaw
Dorothy Shea
Robert Shears
Judi Shermerhorn
Annette Shillam
Jill Shipton
Wayne Sikorski
Jilleen Simpson
Dennis Sinclair
Christine Siu
Michael Skipper
Doreen Smale
David Smart
Bonnie Smith
Jim Smith
Lawrence Smith
Tina Smith
Allen Smyl
Heidi So
Lumba Soma
David Spetz
Melanie Sprake
Lawson Squire
Glen Squires
Roy St Pier
Robert St. Amant
Ian Stacey-Salmon
Stacey Stadnyk
Rodney Stahn
Karen Stairs
Randy Stamp
Kris Stark
Scott Stauth
Jerry Stefanyshyn
Wayne Steffen
Lyle Stevens
Robert Stevenson
Lorie Stewart
Wendy Stewart
Bill Stiles
Stewart Stirling
Katrina Stockman
Wade Strand
Rodney Strate
Pamela Strauss
William Strecker
Bill Stretch
Kevin Stromquist
Stephen Suche
Vartan Sultanian
Shiraz Sumar
Rick Swanson
Halina Swierz
Jill Symonds
Shane Sypher
Troy Tangedal
Nick Tannahill
Krystalle Tanner
Boyd Tarasoff
Ron Taron
Joanne Taubert
Barry Taylor
Bill Taylor
Cathy Taylor
George Taylor
James Taylor
Mike Taylor
Verlynn Taylor
Robert Templeton
Leighton Tenn
Kurt Tenney
Rob Tenney
Marilyn Tenold
Kate Terry
Marc Theroux
Karen Thistleton
George Thomas
Laurie Thomas
Herb Thompson
Mark Thompson
Scott Thompson
Todd Thomson
Bruce Thornton
Keith Thornton
Margaret Thurmeier
Terry Tillotson
Brian Timmerman
Simon Timothy
Al Tokarchik
Dale Tomlinson
Derek Toullelan
Catherine Trenouth
Michelle Trepanier
Terry Turgeon
David Turk
Annette Turner
Stanley Turner
Gregory Ulrich
Allan Valentine
Louis Vallee
Richard Van Appelen
Karen Van Breda
Vyvette Vanderputt
Collin Vare
Dale Vickery
David Vieira
Wilf Vielguth
Andrew Vinall
Victoria Vinkle
Nigel Vivian
Leo Vollmin
Duncan Wade
Dwight Wagner
Gale Wagner
Joy Wagner
Douglas Walilko
Marie Wallace
Blaise Wangler
Douglas Ward
Kirk Ward
Wanda Warman
Theron Warner
Marguerite Wassmer
Debra Waterhouse
Abena Watson
Randall Weeks
Lionel Weinrauch
Isaac Wellard
Mark Wenner
Stuart Wesson
Darcy Weston
Jeremy Wetsch
Terry Wetzstein
Bob Wheeler
Francis White
Ken White
Heather Whynot
Debbie Wiens
Cameron Wietzel
Bill Williams
Grant Williams
Ebonie Williamson
Jeff Willick
Robin Willis
Susan Wills
Christian Willson
Curtis Wilson
Darryl Wilson
Jeff Wilson
Nancy Wilson
Shari Wilson
Woodrow Wilson
Patrick Wiltse
Garrett Wirachowsky
Paul Wiseman
Scott Wolfson
Colin Woloshyn
Jennifer Wong
Kitty Wong
Bette Wood
Roxanne Wood
Gail Woodhall
Gloria Woods
Daron Woolf
Sidney Wosnack
Raymond Wourms
Brent Wychopen
Guy Wylie
Valerie Wyonzek
James Yaroslawsky
Betty Yee
Gordon Yee
Michael Yee
Tony Yip
Vikki Yip
Flint York
Daryl Youck
Richard Young
William Yuill
Glenn Zeebregts
Diane Zeliznik
Denis Zentner
Brenda Ziegler

With the acquisition of Ranger Oil Limited, Canadian Natural acquired a presence in oil and natural gas operations outside Canada.

We continued to achieve growth in all facets of our operations.

Undeveloped Land

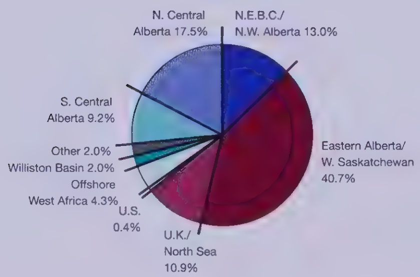
Canadian Natural continued to increase its undeveloped lands in Canada with undeveloped net acreage growing 15 percent to 6.3 million net acres from 5.5 million net acres in 1999. This acreage was added in the Company's core regions. A significant core landholding is a main ingredient in establishing a long-term, profitable program of exploration and exploitation of oil and natural gas reservoirs.

Canadian Landholdings

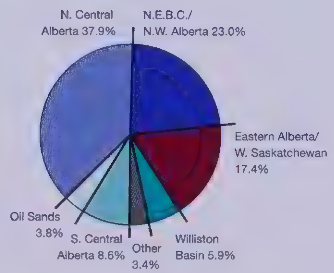
(thousands of acres)	2000			1999		
	Gross Acres	Net Acres	Average Interest %	Gross Acres	Net Acres	Average Interest %
Developed	**4,345**	**3,398**	**78**	3,961	3,151	80
Undeveloped	**7,615**	**6,276**	**82**	6,231	5,439	87
Total	**11,960**	**9,674**	**81**	10,192	8,590	84

The acquisition of Ranger moved the Company into new areas of international operation. The acquisition established an undeveloped land base for Canadian Natural in new operating areas in the North Sea and Offshore West Africa.

Reserves
(%)



Canadian Undeveloped Landholdings
(%)



The undeveloped land is situated in the following core regions:

Net Undeveloped Land

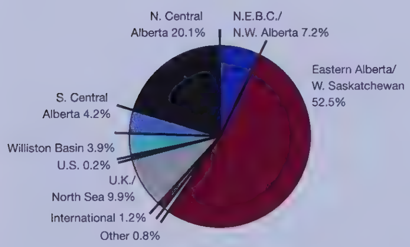
(thousands of net acres)	2000	1999
Northeastern British Columbia/Northwestern Alberta	**1,442**	1,258
North Central Alberta	**2,378**	2,235
Alberta Oil Sands	**221**	–
Eastern Alberta/Western Saskatchewan	**1,090**	695
South Central Alberta	**539**	216
Williston Basin	**369**	445
United States Gulf Coast	**66**	–
United Kingdom North Sea	**211**	–
Offshore West Africa	**1,528**	–

Seismic

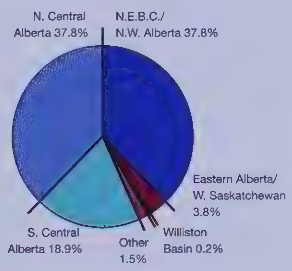
With the Company's emphasis on internally-generated prospects, both two- and three-dimensional seismic are an important key to success. In Canada, Canadian Natural invested $26.9 million in 2000 to acquire new seismic data and to purchase and reprocess existing data. In total, the Company shot 2,900 kilometres of conventional seismic, and 34 square kilometres of three-dimensional data. Canadian Natural also purchased in excess of 12,000 kilometres of conventional seismic and 135 square kilometres of three-dimensional data.

Internationally, Canadian Natural uses seismic extensively to determine the viability of its exploration prospects. Since commencing operations outside Canada, the Company has been actively involved in seismic programs covering over 51,000 kilometres of conventional seismic and over 4,100 square kilometres of three-dimensional data.

Crude Oil and NGLs Production
(%)



Natural Gas Production
(%)



Drilling Activity

Canadian Natural's strategic philosophy is to drill in areas where the Company has a high degree of geological and technical knowledge. It is also the Company's strategy to operate all of its wells, and to own a significant percentage of such wells.

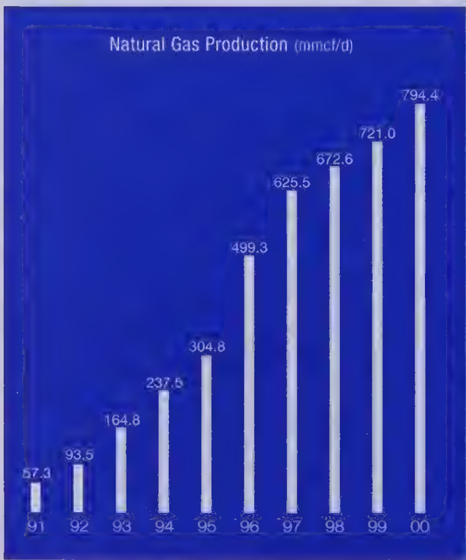
In 2000, Canadian Natural drilled a total of 813.3 net wells resulting in 408 natural gas wells, 333 oil wells and 38 injector or stratigraphic wells for an overall success rate of 96 percent.

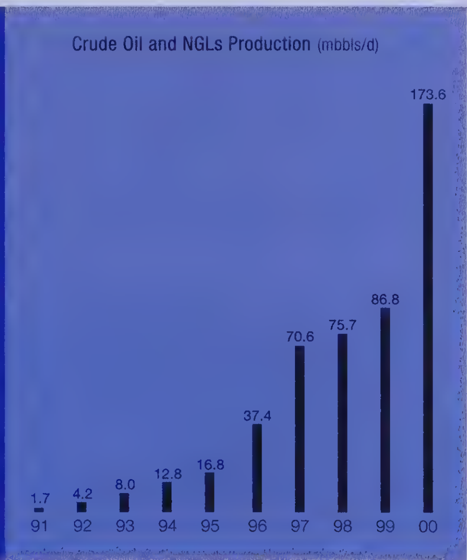
Drilling Activity

	2000		1999		1998	
(number of wells)	**Gross**	**Net**	Gross	Net	Gross	Net
Natural gas	**474**	**408.1**	481	457.6	216	193.2
Oil	**375**	**333.1**	229	211.5	120	106.5
Injection/strat tests	**42**	**37.7**	11	8.9	20	15.5
Dry	**46**	**34.4**	54	49.3	48	42.7
Total	**937**	**813.3**	775	727.3	404	357.9
Success Rate		**96%**		93%		88%

Of the total wells drilled in 2000, 810 net wells were drilled in Canada with 808 located in the Company's core regions. Shallow natural gas wells in the Company's South Central Alberta region accounted for 232 wells, while 76 natural gas wells were drilled in Northeastern British Columbia, five were drilled in Eastern Alberta, and a further 94 were drilled in North Central Alberta. Of the total oil wells drilled in Canada, 172 were heavy oil wells in the Eastern Alberta region, including Primrose, 119 were oil wells at Pelican Lake and 40 light oil wells were drilled in Northeastern British Columbia, Northwestern Alberta and the Williston Basin.

Internationally, the Company participated in 3.3 net wells after acquiring Ranger, of which 2.3 net wells were in the United States.





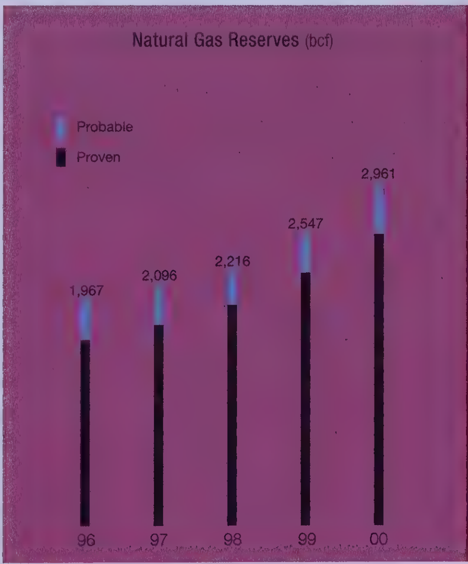
Drilling Activity by Core Region

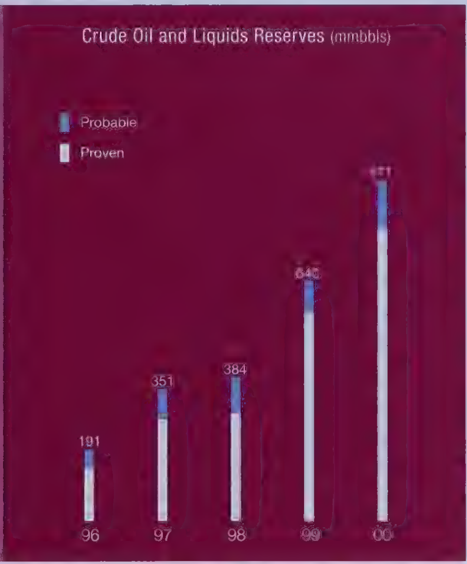
(net wells)	2000	1999
Northeastern British Columbia/Northwestern Alberta	**103.1**	73.7
North Central Alberta	**244.6**	158.6
Eastern Alberta/Western Saskatchewan	**210.1**	136.3
South Central Alberta	**238.0**	344.6
Williston Basin	**12.5**	14.1
United States Gulf Coast	**2.3**	–
United Kingdom North Sea	**1.0**	–

Production and Sales

Average production volumes for the year 2000 increased 48 percent over 1999 to 306,000 barrels of oil equivalent per day, which exceeded the upper end of Canadian Natural's targeted range of volumes. Natural gas production climbed 10 percent to an average 794 million cubic feet per day. Production from the Northeastern British Columbia/Northwestern Alberta region increased 20 percent to average 300 million cubic feet per day. Production from the North Central Alberta region also amounted to 300 million cubic feet per day, consistent with the prior year. The shallow natural gas area of South Central Alberta contributed production of 150 million cubic feet per day, a 12 percent increase from 1999.

Oil production averaged 173,591 barrels per day, more than double the oil production achieved in the prior year. Production from the heavy oil area of Eastern Alberta/ Western Saskatchewan more than doubled to average 91,000 barrels of oil per day. Low cost production from Pelican Lake also doubled to an average of 35,000 barrels per day. Light oil production equal to 38,000 barrels per day for the second half of the year was contributed by producing fields in the North Sea and Offshore West Africa. Production of light oil in the fourth quarter of the year was reduced due to the sale, effective October 1, 2000, of approximately 3,000 barrels per day from Canadian non-operated properties and the planned short-term curtailment of production from the Banff and Kyle fields in the North Sea.





Reserves and Reserve Replacement

The majority of Canadian Natural's reserves at the end of 2000 were evaluated by independent outside engineers and reviewed by the Reserve Committee of the Board of Directors. Year-end proven and probable remaining reserves of oil and natural gas exceeded 1.4 billion barrels of oil equivalent, comprised of 900 million barrels of oil and three trillion cubic feet of natural gas. This was a 16 percent increase in natural gas reserves and a 42 percent increase in oil reserves from the beginning of the year. The net present value of these reserves at a 10 percent discount factor is in excess of $12 billion. The production life of these reserves is 13 years on a barrel of oil equivalent basis, with a natural gas reserve life of 10 years and an oil reserve life of 14 years.

Proved reserves, which account for over 85 percent of the total reserves, grew over 30 percent to 1.2 billion barrels of oil equivalent. At the end of 2000, approximately 35 percent of the proven reserves were classified as proved undeveloped reserves, reflecting the large strategic base of assets held by Canadian Natural in Canadian oil sands leases. The proportion of Canadian undeveloped reserves has remained constant from the prior year with 18 percent of the natural gas reserves and 42 percent of the oil reserves being classified as undeveloped. No reserves were recorded for Canadian Natural's 100 percent interest in oil sands leases at Project Horizon (formerly known as Mic Mac) in the Fort McMurray area of Alberta.

In 2000, Canadian Natural replaced, on a barrel of oil equivalent basis, more than four times its production. Natural gas production was replaced by reserve additions equal to 2.4 times natural gas production, while oil production was replaced with reserve additions greater than five times oil production during the year. This reserve replacement was achieved at an all inclusive finding and development cost of $6.23 per barrel of oil equivalent.

Reserve Reconciliation

	North America	North Sea	Other International	Total
Crude oil and liquids (mbbls)				
Proven Reserves				
Reserves, January 1, 1999	287,005	–	–	287,005
Discoveries and purchases	289,223	–	–	289,223
Property disposals	(110)	–	–	(110)
Production	(31,664)	–	–	(31,664)
Revisions of prior estimates	9,102	–	–	9,102
Reserves, January 1, 2000	553,556	–	–	553,556
Discoveries and purchases	144,338	105,453	36,046	285,837
Property disposals	(15,135)	–	–	(15,135)
Production	(56,485)	(6,293)	(756)	(63,534)
Revisions of prior estimates	16,135	2,750	1,400	20,285
Reserves, January 1, 2001	**642,409**	**101,910**	**36,690**	**781,009**
Probable Reserves				
Reserves, January 1, 1999	97,188	–	–	97,188
Discoveries and purchases	408	–	–	408
Property disposals	(45)	–	–	(45)
Revisions of prior estimates	(11,183)	–	–	(11,183)
Reserves, January 1, 2000	86,368	–	–	86,368
Discoveries and purchases	21,765	34,850	8,790	65,405
Property disposals	(9,512)	–	–	(9,512)
Revisions of prior estimates	(10,580)	(2,300)	900	(11,980)
Reserves, January 1, 2001	**88,041**	**32,550**	**9,690**	**130,281**
Total Reserves	**730,450**	**134,460**	**46,380**	**911,290**

Reserve Reconciliation (continued)

	North America	North Sea	Other International	Total
Natural gas (mmcf)				
Proven Reserves				
Reserves, January 1, 1999	1,905,194	–	–	1,905,194
Discoveries and purchases	564,941	–	–	564,941
Property disposals	(19,883)	–	–	(19,883)
Production	(263,165)	–	–	(263,165)
Revisions of prior estimates	(4,013)	–	–	(4,013)
Reserves, January 1, 2000	2,183,074	–	–	2,183,074
Discoveries and purchases	516,923	88,711	64,000	669,634
Property disposals	(41,081)	–	–	(41,081)
Production	(290,190)	(551)	–	(290,741)
Revisions of prior estimates	(8,626)	3,200	1,390	(4,036)
Reserves, January 1, 2001	**2,360,100**	**91,360**	**65,390**	**2,516,850**
Probable Reserves				
Reserves, January 1, 1999	310,547	–	–	310,547
Discoveries and purchases	67,567	–	–	67,567
Property disposals	(7,185)	–	–	(7,185)
Revisions of prior estimates	(6,686)	–	–	(6,686)
Reserves, January 1, 2000	364,243	–	–	364,243
Discoveries and purchases	63,310	21,280	3,700	88,290
Property disposals	(4,480)	–	–	(4,480)
Revisions of prior estimates	(20,931)	1,500	15,560	(3,871)
Reserves, January 1, 2001	**402,142**	**22,780**	**19,260**	**444,182**
Total Reserves	**2,762,242**	**114,140**	**84,650**	**2,961,032**

Canadian Natural retains independent petroleum engineering consultants Sproule Associates Limited (for the Canadian assets), Ryder Scott Company (for the United States assets) and AEA Technology (for the international assets), to evaluate the Company's proven and probable oil and natural gas reserves and prepare Evaluation Reports on the Company's total reserves. For the year ended December 31, 2000, the independent evaluators' reports covered 98 percent of the Company reserves with the Company internally evaluating the remaining two percent, which are generally comprised of reserves in properties not currently strategic to the core business areas. Sproule's report covers 98 percent of the Canadian reserves, which corresponds to 82 percent of the Company's total reserves. The Board of Directors of the Company has a Reserve Committee which met with Sproule and carried out independent due diligence procedures as to the Company's Canadian reserves. Canadian Natural's reserves before royalties are summarized in the following tables:

Reserve Evaluation

as at January 1, 2001	Company interest reserves before royalty			Present value before tax of future cash flow ($ millions) [1]	
	Crude oil	Liquids	Natural gas	10%	15%
	(mbbls)	(mbbls)	(mmcf)	$	$
Proven [2]	765,771	15,238	2,516,850	11,274	9,622
Probable [3]	125,675	4,606	444,182	822	656
Total January 1, 2001	891,446	19,844	2,961,032	12,096	10,278
Total January 1, 2000	619,417	20,507	2,547,317	7,166	5,885
Change	+44%	-3%	+16%	+69%	+75%

Reserve Evaluation (continued)

1. Value includes additions for processing revenue, the Alberta Royalty Tax Credit and the value of the corporate capital gas cost allowance and is reduced for United Kingdom income tax and estimated abandonment costs associated with North Sea producing assets.

2. The proven reserves are categorized as follows:

	Crude oil & liquids	Natural gas	Present Value before tax of future cash flow ($ millions)	
	(mbbls)	(mmcf)	10%	15%
Proven developed producing	402,977	1,725,915	8,160	7,160
Proven developed non-producing	46,748	242,689	838	700
Proven undeveloped	331,284	548,246	2,276	1,762
	781,009	2,516,850	11,274	9,622

3. Value of the probable reserves are reduced by 50 percent to account for risk.

4. Future oil price forecasts used in the Evaluation Report were based on Sproule's January 1, 2001 pricing model and adjusted for quality of reserves, while future natural gas price forecasts were provided by the Company based on existing and forecasted future gas marketing arrangements entered into by the Company. The prices used in the Evaluation Reports are as follows:

Oil

	Company Average Price	WTI at Cushing Oklahoma	Edmonton Par Price	Brent UK
	(Cdn$ per bbl)	(US$ per bbl)	(Cdn$ per bbl)	(US$ per bbl)
As at December 31, 2000				
2001	28.52	28.20	41.87	26.60
2002	26.41	24.41	35.85	22.78
2003	23.64	21.12	30.44	19.47
2004	23.64	21.44	30.95	19.76
2005	23.59	21.76	30.96	20.06
As at December 31, 1999				
2000	20.53	20.00	27.51	–
2001	19.42	20.30	27.13	–
2002	18.80	20.60	27.15	–
2003	18.97	20.91	27.56	–
2004	19.24	21.23	27.98	–

Natural Gas

	Company Average Price	Henry Hub Louisiana	Company Alberta blended	Company British Columbia blended
	(Cdn$ per mcf)	(US$ per mmbtu)	(Cdn$ per mmbtu)	(Cdn$ per mmbtu)
As at December 31, 2000				
2001	8.78	6.34	8.40	9.02
2002	6.00	4.56	5.87	6.09
2003	4.99	3.88	4.91	4.98
2004	4.78	3.73	4.76	4.59
2005	4.69	3.63	4.75	4.34
As at December 31, 1999				
2000	3.14	2.56	3.05	3.04
2001	3.12	2.53	3.04	3.04
2002	3.22	2.62	3.14	3.11
2003	3.31	2.73	3.24	3.18
2004	3.40	2.82	3.33	3.28

Natural Gas

The average North American natural gas price of US $3.91 per mmbtu for 2000 was up 72 percent over 1999 as measured by the NYMEX benchmark price. The relatively mild weather experienced in the first quarter of 2000 resulted in an average price of US $2.49 per mmbtu, which was followed by very strong demand from the electrical generation segment for the rest of the year. Spot prices in the fourth quarter were extremely volatile due to strong weather-related demand. December spot prices exceeded US $10.00 per mmbtu in several markets and reached US $45.00 per mmbtu at the California borders.

Canadian prices followed a similar pattern and the 2000 average Alberta price improved 69 percent over 1999 to $5.02 per mmbtu. The Alliance Pipeline started up in December and is providing 1.3 billion cubic feet per day of incremental export capacity for Western Canadian natural gas, which should strengthen domestic prices even more as they should track the American prices more closely. Additional export pipeline projects are being proposed for 2002 to serve growing demand in the Pacific Northwest and California.

The record 8,933 natural gas wells completed in the Western Canadian Sedimentary Basin in 2000 were barely sufficient to offset the normal declines from existing producing wells and maintain a flat overall average production level for the year. Similarly, the 15,206 natural gas completions in the United States netted a marginal increase in dry natural gas production of one percent compared to the previous year.

The volume of Canadian Natural's natural gas sales in 2000 increased by 10 percent over 1999 to 794 million cubic feet per day and the average realized price at the wellhead was up 92 percent to $4.53 per thousand cubic feet. The portfolio of direct sales represented 76 percent of the total volume with the remaining 24 percent split among the main supply aggregators to which the Company has dedicated reserves. During the year 2000, 83 percent of the Company's natural gas sales were floating at prevailing market prices.

The current market fundamentals highlight a very tight supply environment with natural gas storage levels at their lowest in the last five years and West Coast water reservoirs running close to their minimum operating levels. The annual growth for natural gas demand in North America is forecasted at two percent for next year, driven by a very strong electrical generation sector. The major new sources of natural gas from the Arctic and the Canadian East Coast are still several years away from reaching markets. These fundamentals suggest a very robust pricing scenario over the next several years for Canadian Natural's natural gas production which, in 2001, will amount to 825 to 850 million cubic feet per day. In 2001, 87 percent of Canadian Natural's natural gas sales will receive the prevailing market price. The other 13 percent of the Company's natural gas sales will receive a fixed price of $2.93 per thousand cubic feet.

Crude Oil

Crude oil prices continued their spectacular recovery in 2000 with the annual average price up 57 percent over 1999 to US $30.20 as measured by the North American benchmark crude West Texas Intermediate (WTI). Increased demand for motor gasoline and distillates in the American markets and better discipline from OPEC producers caused inventories to be drawn down to their minimum operating levels which resulted in volatile pricing often peaking over US $32.00 per barrel.

The shortfall of refined products in 2000 allowed refinery margins to recover from their abysmal level of US $2.00 in 1999 to US $8.00 per barrel and contributed to the American decision to release some 30 million barrels of primarily light sweet crude oil from the US strategic reserves in November. The OPEC countries responded with increased volumes in the fourth quarter most of which were heavier crude types. The above factors contributed to a widening of heavy oil differentials to WTI which averaged US $8.23 per barrel for Lloyd blend for the year.

Canadian Natural's average crude oil production for 2000 increased by 100 percent over 1999 to 173,591 barrels per day. The Company's overall production mix was made up of 45 percent light and medium oil, 52 percent heavy oil (15° API or less) and three percent natural gas liquids. There were no pipeline constraints during the year and diluents used for heavy oil blending were available, although they became progressively more expensive throughout the year.

The Company realized an overall average wellhead price of $29.99 per barrel in 2000, up 43 percent from the previous year. Canadian Natural plans significant growth in its liquids volumes for 2001. Total annual production is expected to average 215,000 to 225,000 barrels per day, comprised of 47 percent light and medium oil, 51 percent heavy oil and two percent natural gas liquids.

The market fundamentals are still strong for the oil business in 2001. World inventories are just starting to rebuild from minimum operating levels and OPEC producers are seemingly determined to maintain prices around US $25.00 per barrel for WTI. The Company expects OPEC to agree to further reductions in their production volumes as needed to maintain that level of pricing. Canadian Natural expects that any reduction would be accomplished primarily by cutting out heavier grades of crude oil, which would help reduce differentials for Canadian heavy oil.

Canadian Natural has taken steps to further improve the economics for its heavy oil production. The Company now owns 100 percent of the Echo Pipeline which can transport up to 58,000 barrels per day of raw bitumen from its producing fields to Hardisty and 15 percent of the Cold Lake Pipeline Partnership that transports 220,000 barrels per day of blended bitumen from Primrose to either Edmonton or Hardisty. These strategic investments, along with our 62 percent interest in the Pelican Lake Pipeline with a capacity of 150,000 barrels per day, will further reduce our overall transportation costs to markets. Canadian Natural is also exploring the potential for strategic alliances with refiners to gain access to increased conversion capacity for its heavy oil grades.

ENVIRONMENT, HEALTH AND SAFETY

Environment

Canadian Natural is committed to protecting the natural environment through the application of sound operational practices, consistent regulatory compliance and minimization of corporate environmental liability.

To meet these objectives, the Company has implemented and maintains an Environmental Management Plan, which in conjunction with Environmental Operating Guidelines, insures minimum impact to the environment.

Regularly scheduled audits and inspections of Company operated properties are undertaken yearly, with 275 assessments in 2000. An active decommissioning, reclamation and abandonment program is continually maintained. In the year 2000, Canadian Natural abandoned 372 wells in Canada.

Canadian Natural has been an active member of the Voluntary Challenge for reducing greenhouse gas emissions since 1996, and has been successful in reducing its production carbon intensity (PCI) and production energy intensity (PEI) each year. In the year 2000, as a prudent operator, Canadian Natural has implemented gas conservation programs that will reduce over one million tonnes of CO_2 equivalent emissions per year.

Ongoing public involvement is an important focus to continue to operate effectively, and for the successful implementation of new projects. Along with ongoing individual and community consultations, regional multi-stakeholder working groups are becoming effective processes for addressing cumulative effects issues.

Health and Safety

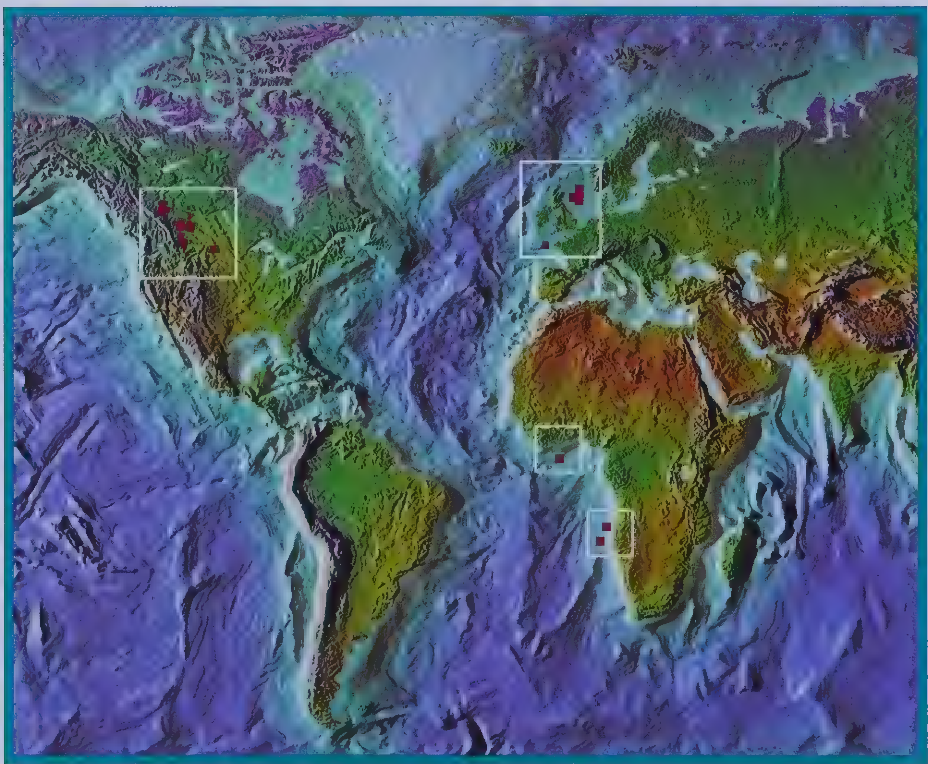
Canadian Natural's Health and Safety Program integrates health and safety into all aspects of its operations. Through the Company's Comprehensive Safety and Emergency Response Manual and the Employee Guide to Accident Prevention, Canadian Natural has been able to educate our workers to help meet our goal of zero loss time accidents. The Company has further developed an in-house Health and Safety Management System to enhance our monitoring and help in planning future programs.

In the year 2000, Canadian Natural developed and implemented a site supervisor safety training course. This course was made mandatory for all field operations personnel working for Canadian Natural. Since its inception, over 900 individuals have been trained in site safety.

Canadian Natural, through its safety program, also regularly audits its major facilities. In the year 2000, 90 audits were completed. These audits are completed to help our operations people to reduce the risk of accidents to individuals, environment and properties.

Canadian Natural's core operating areas are located in the Western Canadian Sedimentary Basin, the North Sea and Offshore West Africa. These core areas comprise production of natural gas, light oil, medium oil, conventional heavy oil, and thermal heavy oil and provide short-term and long-term growth opportunities.

Assets such as oil pipelines and a co-generation plant have been added to Canadian Natural's asset base to provide further balance to its operations.



Major Properties Reserves and Values

(as at January 1, 2001)	Crude oil and NGLs		Natural gas		Value*	
Region	mbbls	%	mmcf	%	$ millions	%
North America						
Northeastern British Columbia/ Northwestern Alberta	33,255	3.6%	893,192	30.2%	2,390	19.8%
Eastern Alberta/Western Saskatchewan	542,408	59.6%	175,787	6.0%	3,051	25.3%
North Central Alberta	99,062	10.9%	880,000	29.7%	3,195	26.4%
South Central Alberta	22,184	2.4%	645,740	21.8%	1,624	13.4%
Williston Basin	25,672	2.8%	17,638	0.6%	272	2.2%
Other Canada	7,105	0.8%	122,023	4.1%	364	3.0%
Alberta Royalty Tax Credit and Corporate Capital Gas Cost Allowance					83	0.7%
United States Gulf Coast	764	0.1%	27,862	0.9%	107	0.9%
Total North America	730,450	80.2%	2,762,242	93.3%	11,086	91.7%
International						
North Sea	134,460	14.7%	114,140	3.8%	815	6.7%
Offshore West Africa	46,380	5.1%	84,650	2.9%	195	1.6%
Total International	180,840	19.8%	198,790	6.7%	1,010	8.3%
Total Company	911,290	100.0%	2,961,032	100.0%	12,096	100.0%

* Estimated future net revenues as evaluated in the Reserve Evaluation (page 17).

Natural Gas

Canadian Natural is one of the largest independent producers of natural gas in North America and a dominant producer in Canada. The majority of the Company's natural gas production is in Western Canada, with small volumes from the North Sea and offshore in the United States Gulf Coast. Natural gas production in 2000 averaged 794 million cubic feet per day and accounted for 43 per cent of the Company's overall production on a barrel of oil equivalent basis.

Canadian Natural's strategy is to combine a balance of exploration, development and exploitation projects ranging from shallow gas drilling to deeper, high impact gas targets.

The Company's North Central Alberta region is characterized by low risk, multi-zone drilling to depths up to 3,000 feet. Profitability in the area is increased by the Company's large infrastructure which provides for efficient well development, including minimization of tie-in and operating costs. The region accounted for 300 million cubic feet per day of natural gas production in 2000.

Canadian Natural's deeper gas plays are concentrated in the Northeastern British Columbia/Northwestern Alberta region. Targets in this region are typically up to 5,000 feet, but yield large reserves and have lower production decline rates than in the Company's other areas. Production of natural gas from this region grew from 250 million to 300 million cubic feet per day in 2000. Operating costs are controlled by the Company's strategy of dominating the land base and infrastructure.

Shallow gas drilling is concentrated in South Central Alberta which is characterized by low risk drilling, low operating costs and extensive existing infrastructure. Unlike the Company's other two regions, which have areas with winter access only, drilling can take place year round. In 2000, production from this area averaged 150 million cubic feet per day of natural gas, a 12 percent increase over the prior year.

In mid 2000, the Company acquired 450 sections of land in the Colville Hills area of the Northwest Territories and is commencing a seismic program to evaluate these lands. In 2001, Canadian Natural has budgeted to spend $290 million for natural gas exploration and development. Exploration activities include exploring the deeper portion of the basin in British Columbia and Northwestern Alberta.

Light Oil

Light oil accounted for 18 percent of Canadian Natural's overall production in 2000 and, with the acquisition of Ranger properties, volume increases are expected in 2001. Half of the Company's light oil comes from Western Canada, with the other half being produced in the North Sea and Offshore West Africa.

In Canada, light oil drilling activities in 2000 were focused in Southeastern Saskatchewan and Northeastern British Columbia. In addition, Canadian Natural continues to optimize oil recovery from known reservoirs of light oil in its core regions. This program includes further downspacing and in-fill drilling, complemented by the application of advanced innovative technology in waterflood implementation and optimization, horizontal drilling and other production techniques.

In the North Sea, a Ranger operated well was drilled at Kyle and tested at 10,000 barrels of oil per day and 13 million cubic feet per day of gas. The Company has a 40 percent interest in the well which will be tied in during the second quarter of 2001 at an estimated production rate, net to the Company, of 7,000 barrels per day and 5 million cubic feet of natural gas per day. At the Banff field, problems with the Floating Production Storage and Offtake vessel are being resolved by the contractor and production is also expected to be back onstream in the second quarter of 2001 at a net production rate of 5,000 barrels of oil per day.

North Sea

Heavy Oil

Canadian Natural has become a dominant producer of heavy oil with extensive operations using both primary and thermal production techniques. Heavy oil and Pelican Lake production accounted for 39 percent of overall production in 2000 on a barrel of oil equivalent basis.

Typical Operating Parameters

	Initial Rate per well bbl/d	Reserves Per Well MMSTB	Operating Costs $/bbl (1)	API°	Recovery Factor %
Primary-Bonnyville	50 – 150	100 – 200	5.50	12 – 14	3 – 20
Pelican Lake Horizontal	200 – 400	200 – 500	2.00	14 – 17	6 – 12
Thermal Cyclic Primrose	100 – 400	450 – 900	6.66	11	18 – 25
Thermal SAGD	400 – 600	750 – 1000	7.50	9	60 – 80

(1) Assumes AECO gas price of $5.00 per thousand cubic feet.

Heavy Oil Leases

Primary – Bonnyville

Primary heavy oil production is also known as cold production. Under this technique, the energy required to flow the heavy oil to the wellbore comes from solution gas. Recovery by this method ranges from three to 20 percent of the original oil-in-place, depending on the amount of solution gas and the viscosity of the oil.

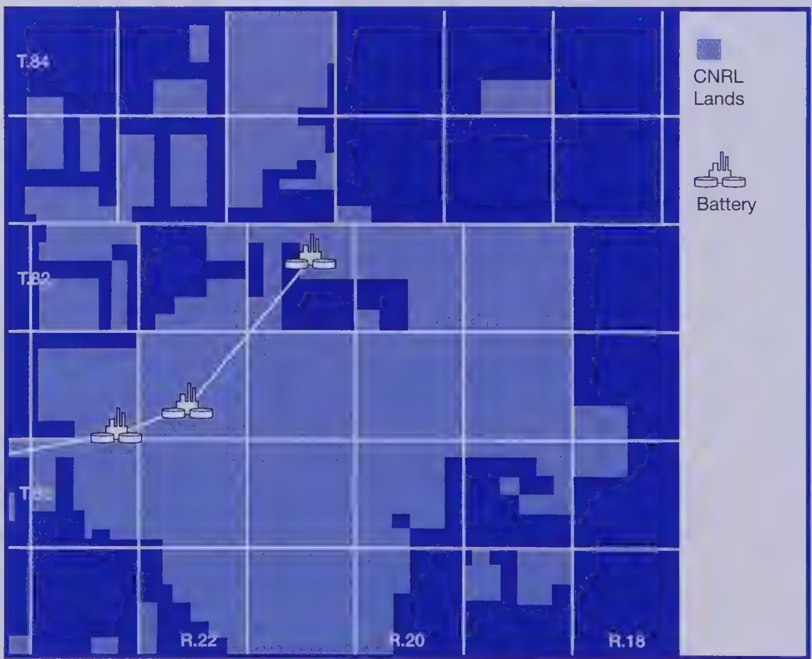
Canadian Natural continues to be a low cost producer of heavy oil, a key component in maintaining profitability. This has been achieved by holding a dominant position that includes having built a significant land base and an extensive facility infrastructure of batteries and disposal facilities. Lands acquired in the Ranger acquisition were also located in this area, with much of their land being contiguous to Canadian Natural's holdings. The Company's production of primary heavy oil, amounts to approximately 60,000 barrels per day. As part of the acquisition of Ranger, the Company also acquired a 50 percent interest in an oil transportation pipeline and in 2001 acquired the remaining 50 percent. This pipeline will enhance further development of Canadian Natural's extensive holdings in this area.

Pelican Lake

One of the Company's most significant producing properties under development is Pelican Lake in North Central Alberta. Activities in 2000 included the drilling of 119 horizontal wells which were producing an average of 157 barrels of oil per well per day at the end of the year. In addition, gas conservation facilities were improved and the Company now sells approximately 25 million cubic feet per day of natural gas from this property. Operating costs in this area are low due to no sand production or disposal requirements, the gathering and pipeline facilities in place, and negligible water production and disposal.

In 2001, Canadian Natural has added to its holdings in this area through the acquisition of additional producing lands adjacent to its existing holdings. After this acquisition Canadian Natural holds and controls in excess of 80 percent of the known oil pools in this area. Development drilling will be ongoing throughout 2001.

Pelican Lake



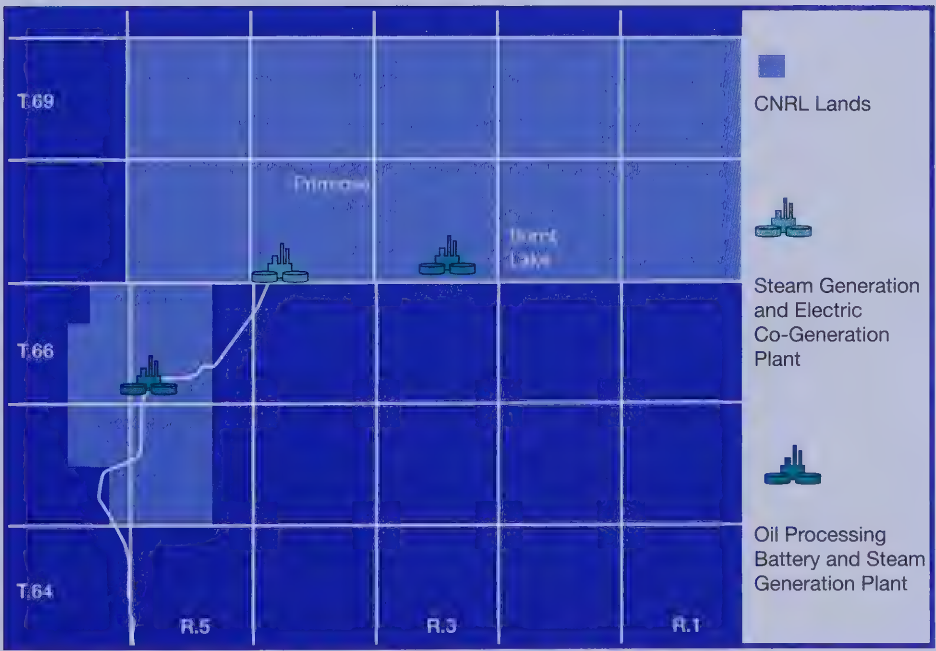
Thermal Production

Thermal production involves processes which utilize steam to increase the recovery of heavy oil. The two processes employed by Canadian Natural are cyclic steam stimulation and steam-assisted gravity drainage (SAGD). Both recovery processes utilize the injection of steam (heat) into the heavy oil deposits to reduce the oil viscosity and improve its flow characteristics.

The Primrose region in Northeastern Alberta is Canadian Natural's main producing area utilizing thermal recovery processes. Production averaged over 30,000 barrels of oil per day utilizing thermal recovery. The Company currently has three significant developments in the area: cyclic steaming in the Clearwater formation, SAGD in the Grand Rapids formation and a SAGD pilot in the Clearwater formation.

At Primrose, the Company is replacing the existing low pressure cyclic steam process with a higher pressure process. This process allows the heat to be injected more efficiently and significantly increases the calendar daily oil rate. In 2000, two existing low pressure pads, consisting of 20 wells, were converted to high pressure steaming and two new pads totaling 24 wells were drilled. The results of the process conversions at the 20 existing wells has increased production from 100 to 190 barrels of oil per calendar day per well. The new high pressure wells that were drilled in 2000 initially produced 600 barrels of oil per day per well and should average 400 barrels of oil per calendar day per well. The results from these wells have established the benefits of Canadian Natural's strategy of converting the Primrose field to high pressure steaming. Subject to receiving regulatory approval, the Company is planning to convert an additional 60 wells to high pressure steaming in 2001 and to convert the remaining 250 wells to the high pressure process in 2002.

Primrose



The Company has continued to develop its SAGD recovery process in the Grand Rapids formation. Pilot operations commenced in 1997 on a single well pair. This well pair continues to average 500 to 600 barrels of oil per day and has recovered 34 percent of the oil in place to date. Oil recoveries of 60 to 80 percent of the oil in place are expected. In 2000 the Company continued this development with the drilling of five additional well pairs that are currently being steamed. In 2001 the Company is drilling an additional 21 well pairs that will take the SAGD process in this reservoir to full commercial scale.

At Burnt Lake the Company is continuing pilot tests on three SAGD well pairs in the Clearwater formation. Operations commenced in 1997 on these wells which are currently producing 500 barrels of oil per day per well pair. In 2000 optimization of the SAGD process resulted in a 35 percent improvement in thermal efficiency.

Primrose is a long-term heavy oil project that generates substantial recycle ratios at average prices as shown below.

Primrose Oil Economics		
WTI Price US$/bbl	**$**	**20.00**
WTI – LLB Differential US$/bbl	**$**	**6.00**
Hardisty Price US$/bbl	$	14.00
Exchange Rate		0.65
Hardisty Price Cdn$/bbl	$	21.54
Transportation Cdn$/bbl	$	1.25
Blending	$	4.56
Wellhead Netback Cdn$/bbl	**$**	**15.73**
Gas Price $/mcf	$	5.00
Steam Oil Ratio (SOR)		3.4
Steam Costs $/bbl (oil)	$	5.41
Lifting Costs $/bbl	$	1.25
Total Operating Costs $/bbl	$	6.66
Net Operating Income $/bbl	**$**	**9.07**
Interest $/bbl	$	1.50
G&A $/bbl	$	0.40
Cashflow $/bbl	**$**	**7.17**
Onstream Costs $/bbl	$	3.00
Recycle Ratio		**2.39**

Oil Sands – Project Horizon

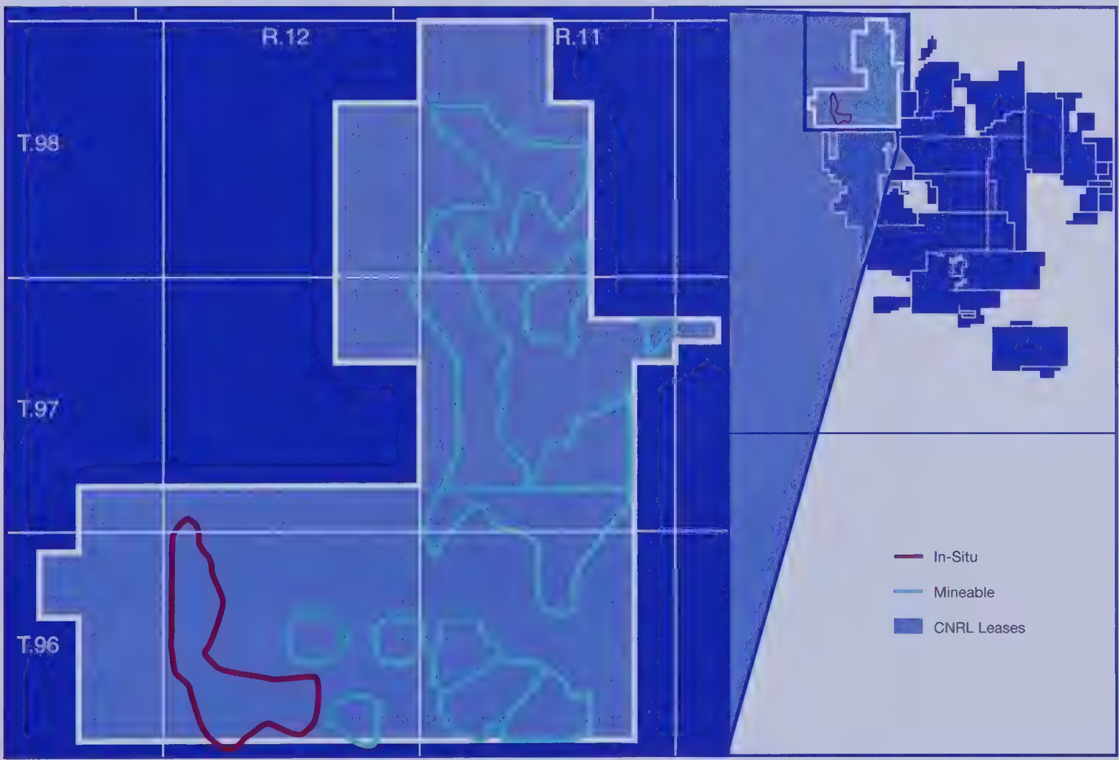
Project Horizon (formerly Mic Mac Oil Sands) is being pursued for its significant long-term potential. Canadian Natural owns leases on a total of 96,259 acres of oil sands, in the Fort McMurray area, containing mineable and in-situ bitumen. The oil sands lie close to the surface and, once overburden is stripped away, the bitumen can be removed and trucked to a processing plant for extraction and upgrading to synthetic oil.

In December 2000, the Company increased its oil sands holding in the area by 37,948 acres. This additional land has doubled the estimated productive life of the project to more than 50 years of synthetic crude production at a rate of 300,000 barrels of bitumen, which will be processed into 240,000 barrels of synthetic crude oil per day. The target is to begin construction of facilities in 2004 with production commencing in 2009.

Located 75 kilometres north of Fort McMurray, Alberta, the project infrastructure will include a mine, in-situ facilities to produce bitumen, and an upgrader for preparing synthetic crude oil for markets. The project is being designed with fully-integrated facilities on site, which presents opportunities for energy conservation between the plants and synergies through the shared use of infrastructure.

Canadian Natural is proceeding with the necessary approval, scoping and feasibility studies in connection with this project. Activities underway include ore body and reservoir definition, application for regulatory approval and an environmental impact assessment. Other activities include process optimization, market evaluation and the preparation of a preliminary estimate to finalize the business plan.

Project Horizon



Canadian Natural achieved record results in many areas of financial and operational performance in 2000, by surpassing the targeted levels set at the beginning of the year, maintaining its balanced asset and production base, and expanding internationally.

The following discussion details Canadian Natural's 2000 financial results compared to 1999 and 1998, including its capital program and outlook for 2001.

The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes for a full understanding of the financial position and results of operations of Canadian Natural Resources Limited ("Canadian Natural" or the "Company"). All amounts are expressed in Canadian dollars. A barrel of oil equivalent ("boe") is based on a conversion rate of six thousand cubic feet of natural gas to one barrel of oil. Certain information regarding the Company contained herein may constitute forward-looking statements under applicable securities laws. Such statements are subject to known or unknown risks and uncertainties that may cause actual results to differ materially from those anticipated or implied in the forward-looking statements.

Corporate Acquisition

In July 2000, Canadian Natural acquired all of the outstanding shares of Ranger Oil Limited ("Ranger"). The purchase price of the acquisition was $1,687.3 million and consisted of $722.8 million in cash, 7.6 million common shares valued at $358.0 million and the assumption of $606.5 million of Ranger net long-term debt, preferred securities and non-cash working capital deficit.

The acquisition of Ranger provided Canadian Natural with significant additional Canadian oil and natural gas properties, the majority of which fit strategically with Canadian Natural's property base. In addition, the acquisition of Ranger provided the Company with a low risk platform of producing properties and exploration and development opportunities in the international arena. The North Sea and other international segments add balance to Canadian Natural's production profile through light oil production growth.

Ranger's operations were integrated with Canadian Natural's ongoing organizational structure immediately after completion of the acquisition. Canadian properties owned by Ranger were combined into Canadian Natural's core areas. Canadian assets not strategic to Canadian Natural's ongoing operations were sold effective October 1, 2000. The non-North American assets owned by Ranger continued to be managed from an office in the United Kingdom with direct management participation from Canadian Natural's head office.

Net Earnings and Cash Flow

($ millions, except per share)	2000	1999	1998
Net earnings attributable to common shareholders	**$ 782.2**	$ 200.2	$ 59.0
Per share	**$ 6.70**	$ 1.93	$ 0.59
Cash flow attributable to common shareholders	**$ 1,883.6**	$ 723.5	$ 444.2
Per share	**$ 16.14**	$ 6.96	$ 4.47
Net earnings as a percentage of cash flow	**41.5%**	27.7%	13.3%
After-tax return on equity	**31.6%**	13.2%	4.8%
After-tax return on capital	**18.1%**	8.4%	4.0%

Canadian Natural continued to achieve significant increases in its financial and operating results and in generating growth in shareholder value. Net earnings attributable to common shareholders increased 291 percent in 2000 to a record $782.2 million, up from $200.2 million in 1999 and $59.0 million in 1998. Cash flow attributable to common shareholders increased 160 percent to $1,883.6 million ($16.14 per share), up from $723.5 million ($6.96 per share) in 1999 and $444.2 million ($4.47 per share) in 1998.

The record level of net earnings and cash flow in 2000 resulted from significant increases in commodity prices and higher production volumes. In 2000, Canadian Natural's average price per boe increased to $28.77 from $17.03 in 1999 (1998 – $12.80). Production volumes increased 48 percent to 305,987 boe per day from 206,992 boe per day in 1999 (1998 – 187,851 boe per day). The increase in production volumes was due to the inclusion of a full year of production from properties acquired from Blue Range Resource Corporation ("Blue Range") and BP Amoco p.l.c. ("BP Amoco") in the third quarter of 1999, the acquisition of Ranger, and an active drilling and property acquisition program. Canadian Natural's after-tax return on shareholders' equity climbed to 31.6 percent in 2000 from 13.2 percent in 1999 (1998 – 4.8 percent) and has averaged 16.5 percent over the past three years.

Gross Revenue

($ millions, except per unit)	2000	1999	1998
Oil and liquids	**$ 1,906.4**	$ 666.3	$ 357.8
Per barrel	**$ 29.99**	$ 21.04	$ 12.93
Natural gas	**$ 1,316.1**	$ 620.5	$ 519.8
Per mcf	**$ 4.53**	$ 2.36	$ 2.12
Total gross revenue	**$ 3,222.5**	$ 1,286.8	$ 877.6
Per boe	**$ 28.77**	$ 17.03	$ 12.80

Analysis of Changes in Gross Revenue

		Changes Due To			Changes Due To		
($ millions)	1998	Volumes	Prices	1999	Volumes	Prices	2000
North America							
Oil and liquids	$ 357.8	$ 52.0	$ 256.5	$ 666.3	$ 522.2	$ 402.5	**$ 1,591.0**
Natural gas	519.8	37.4	63.3	620.5	63.9	629.7	**1,314.1**
	877.6	89.4	319.8	1,286.8	586.1	1,032.2	**2,905.1**
North Sea							
Oil and liquids	–	–	–	–	280.8	–	**280.8**
Natural gas	–	–	–	–	2.0	–	**2.0**
	–	–	–	–	282.8	–	**282.8**
Other International	–	–	–	–	34.6	–	**34.6**
Total							
Oil and liquids	357.8	52.0	256.5	666.3	837.6	402.5	**1,906.4**
Natural gas	519.8	37.4	63.3	620.5	65.9	629.7	**1,316.1**
	$ 877.6	$ 89.4	$ 319.8	$ 1,286.8	$ 903.5	$ 1,032.2	**$ 3,222.5**

Canadian Natural's gross revenue rose 150 percent to $3,222.5 million from $1,286.8 million in 1999 (1998 – $877.6 million). For the year 2000, 10 percent of Canadian Natural's total revenue was generated outside of North America, with the North Sea accounting for nine percent and other international accounting for one percent.

The world oil price continued to improve in 2000 due to the effects of market supply and demand. The West Texas Intermediate ("WTI") oil price increased 57 percent to average US $30.20 per barrel, up from US $19.24 in 1999 (1998 – US $14.43 per barrel). Canadian Natural's oil price increased 43 percent to average $29.99 per barrel, up from $21.04 and $12.93 per barrel in 1999 and 1998 respectively.

The price realized by Canadian Natural from its sales of oil was reduced by $1.89 per barrel in 2000 (1999 – $1.22 reduction per barrel, 1998 – $0.96 increase per barrel) due to price arrangements entered into to fix the price received on a portion of its oil volumes. The price differential between light oil and heavier quality crude oil increased to historically high levels in December 2000. This wide differential resulted in Canadian Natural's sales price received for its oil production decreasing in the fourth quarter. However, Canadian Natural's balanced portfolio of properties resulted in a five percent increase to $32.82 in the realized price per boe from the third to fourth quarter of the year. North America's realized average price, for oil produced in 2000, increased 34 percent to $28.15 per barrel from $21.04 per barrel in 1999 (1998 – $12.93 per barrel). The North Sea price averaged $44.61 per barrel and the other international price averaged $45.77 per barrel in 2000.

Revenue derived from the sale of natural gas accounts for over 40 percent of Canadian Natural's 2000 total revenue. This is lower than the previous two years as a result of improvements in world crude oil fundamentals and the increase in Canadian Natural's crude oil production. The sales price of natural gas increased to historically high levels as Canadian Natural received $4.53 per thousand cubic feet in 2000, a 92 percent increase over the 1999 price of $2.36 per thousand cubic feet (1998 – $2.12 per thousand cubic feet). Arrangements entered into by Canadian Natural to fix the price of a portion of its natural gas sales resulted in a reduction of $0.39 per thousand cubic feet (1999 – $0.16 reduction per thousand cubic feet, 1998 – $0.01 increase per thousand cubic feet). The percentage of natural gas sales subject to these arrangements continued to decrease from 38 percent in 1999 to 21 percent in 2000 (1998 – 46 percent), and is expected to be nine percent in 2001. The price increase of natural gas resulted from higher demand for natural gas, while supply remained fairly constant. Factors affecting the supply-demand fundamentals in North America included cold winter temperatures in the fourth quarter, low inventory levels, an increase in gas-fired power generation and increases in export capacity.

Production

Production Volumes

	2000	1999	1998
North America			
Oil and liquids (bbl/d)	**154,331**	86,750	75,744
Natural gas (mmcf/d)	**792.9**	721.0	672.6
North Sea			
Oil and liquids (bbl/d)	**17,195**	–	–
Natural gas (mmcf/d)	**1.5**	–	–
Other International			
Oil and liquids (bbl/d)	**2,065**	–	–
Total			
Oil and liquids (bbl/d)	**173,591**	86,750	75,744
Natural gas (mmcf/d)	**794.4**	721.0	672.6
Barrel of oil equivalent (boe/d)	**305,987**	206,922	187,851

Canadian Natural's daily oil production increased 100 percent to average 173,591 barrels in 2000 from 86,750 barrels in 1999 (1998 – 75,744 barrels). The increase in oil production resulted from the acquisition of Ranger, a full year of production from oil producing properties acquired in the third quarter of 1999 from BP Amoco, and a successful drilling program. North Sea oil production averaged 17,195 barrels of oil per day in 2000 (34,203 barrels per day since acquisition). North Sea oil volumes in the fourth quarter of 2000 decreased by approximately 7,000 barrels per day, mainly due to the planned short-term curtailment of production from the Banff and Kyle fields. Daily oil production from the North Sea is expected to increase in 2001 as the Banff and Kyle fields recommence production in the second quarter of 2001. Other international production added 2,065 barrels per day in 2000 (4,107 barrels per day since acquisition).

Substantially all of Canadian Natural's gas production is from North America. Daily natural gas production increased 10 percent to 794.4 million cubic feet from 721.0 million cubic feet in 1999 (672.6 million cubic feet in 1998). The 2000 increase was due to the Ranger acquisition, a full year of production from primarily natural gas producing assets acquired in the third quarter of 1999 from Blue Range and a successful drilling program. Natural gas production in the North Sea is expected to be seven million cubic feet per day when the Banff and Kyle fields recommence production in 2001.

The production mix for the year 2000 consisted of 18 percent light oil, nine percent medium oil, 30 percent heavy oil and 43 percent natural gas. In 2001, the production mix is expected to be 21 percent light oil, nine percent medium oil, 31 percent heavy oil and 39 percent natural gas.

Royalties

($ millions, except per unit)	2000	1999	1998
North America	$ 491.1	$ 187.9	$ 116.8
Per boe	$ 4.68	$ 2.49	$ 1.70
Percentage of revenue	16.9%	14.6%	13.3%
North Sea	$ 15.1	$ –	$ –
Per boe	$ 2.36	$ –	$ –
Percentage of revenue	5.3%	–%	–%
Total	$ 506.2	$ 187.9	$ 116.8
Per boe	$ 4.51	$ 2.49	$ 1.70
Percentage of revenue	15.7%	14.6%	13.3%

North American royalties increased to $4.68 on a per boe basis, up from $2.49 in 1999 (1998 – $1.70). Crude oil and liquids royalties increased 41 percent on a per barrel basis to $3.17 in 2000 from $2.25 in 1999 (1998 – $1.66), and increased as a percentage of revenue to 11.2 percent from 10.7 percent (1998 – 12.8 percent) due to higher prices received in 2000. The majority of Canadian Natural's oil sands projects continue to benefit from the program to promote development of Alberta's oil sands resources, which provides a reduced royalty rate until an oil sands project recovers its capital costs.

North Sea royalties averaged $2.36 per boe in 2000. New fields, including Banff and Kyle, are not subject to royalties. Oil royalties in the fourth quarter increased to $2.89 per barrel, 6.6 percent of revenue, from $2.00 per barrel in the third quarter as a result of the planned curtailment of production from the Banff and Kyle fields. It is anticipated that the average royalty rate in 2001 will decrease when these fields recommence production.

Natural gas royalties are sensitive to price changes and increased as a percentage of gross sales due to the higher sales price received in 2000. Natural gas royalties increased to 23.8 percent of revenue or $1.08 per thousand cubic feet in 2000 from 18.6 percent of revenue or $0.44 per thousand cubic feet in 1999 (1998 – 13.7 percent or $0.29 per thousand cubic feet).

Production Expense

($ millions, except per unit)	2000	1999	1998
North America	**$ 462.6**	$ 252.0	$ 211.9
Per boe	**$ 4.41**	$ 3.34	$ 3.09
North Sea	**$ 54.9**	$ –	$ –
Per boe	**$ 8.60**	$ –	$ –
Other International	**$ 15.4**	$ –	$ –
Per boe	**$ 20.41**	$ –	$ –
Total production expense	**$ 532.9**	$ 252.0	$ 211.9
Per boe	**$ 4.76**	$ 3.34	$ 3.09

Production expense increased to $4.76 per boe in 2000 from $3.34 in 1999 (1998 – $3.09 per boe). North American production expense increased to $4.41 per boe compared with $3.34 per boe in 1999 (1998 – $3.09 per boe). Crude oil and liquids production expenses increased 30 percent to $6.38 per barrel from $4.90 in 1999 (1998 – $4.69 per barrel). The increase in oil production expenses related to the cost of natural gas needed for steam production processes at Primrose. Canadian Natural's expansion into higher production cost areas in the North Sea has also contributed to overall higher oil production costs. North Sea production expense averaged $8.60 per boe in 2000, comprised of crude oil of $8.66 per barrel and natural gas of $0.79 per thousand cubic feet. Other international production expense averaged $20.41 per barrel in 2000 due to fixed costs associated with the Floating Production Storage and Offtake vessel leased in Angola.

Natural gas production expenses increased 19 percent to $0.44 per thousand cubic feet in 2000 from $0.37 in 1999 (1998 – $0.33 per thousand cubic feet). This increase was due to a larger proportion of natural gas production from higher operating cost areas in British Columbia.

Administration Expense

($ millions, except per unit)	2000	1999	1998
Gross costs	**$ 67.8**	$ 37.6	$ 37.3
Per boe	**$ 0.61**	$ 0.50	$ 0.54
Administration	**$ 27.2**	$ 17.0	$ 18.8
Per boe	**$ 0.25**	$ 0.23	$ 0.27

Total administration expense before operator recoveries and capitalized overhead increased to $0.61 per boe from $0.50 in 1999 (1998 – $0.54) mainly due to higher staffing levels associated with the growth in production and the acquisition of Ranger. It is expected that the gross administration costs for 2001 will remain similar to the approximately $0.70 per boe seen in the fourth quarter of 2000. Net administration expense, after operator recoveries and capitalized overhead relating to exploration and development in the North Sea and other international areas, increased to $0.25 per boe in 2000 from $0.23 in 1999 (1998 – $0.27 per boe).

Interest Expense

($ millions, except per unit)	2000	1999	1998
Total interest expense	**$ 162.1**	$ 90.5	$ 76.0
Per boe	**$ 1.45**	$ 1.20	$ 1.11
Average interest rate	**6.4%**	5.4%	5.6%
EBITDA interest coverage	**13.3**	9.2	7.0

Interest expense increased to $162.1 million ($1.45 per boe) from $90.5 million ($1.20 per boe) in 1999 (1998 – $76.0 million and $1.11 per boe). The increase in interest expense was due to higher average outstanding debt levels, the assumption of Ranger debt, and the increase in the average interest rate charged to 6.4 percent from 5.4 percent in 1999 (1998 – 5.6 percent). During the year 2000, Canadian Natural increased the fixed-rate portion of its long-term debt outstanding to 23 percent at December 31, 2000 compared to six percent at the end of 1999 (1998 – zero percent).

Depletion, Depreciation and Amortization

($ millions, except per unit)	2000	1999	1998
North America	**$ 591.4**	$ 384.3	$ 327.4
North Sea	**$ 52.3**	$ –	$ –
Other International	**$ 0.9**	$ –	$ –
Total	**$ 644.6**	$ 384.3	$ 327.4
Per boe	**$ 5.75**	$ 5.08	$ 4.77

Depletion, depreciation and amortization increased 68 percent to $644.6 million from $384.3 million in 1999 (1998 – $327.4 million). This increase was due to a 48 percent increase in production volumes over 1999, and a larger asset base as a result of the active capital program and the acquisition of Ranger. The rate on a per boe basis increased 13 percent to $5.75 from $5.08 in 1999 (1998 – $4.77).

Unrealized Foreign Exchange Loss

Canadian Natural's debt denominated in US dollars increased to US $509.0 million due to the assumption of Ranger debt, and represented 31 percent of the total debt outstanding at December 2000. This compares with US $196.0 million or 13 percent of total debt outstanding at the end of 1999 (1998 – US $196.0 million or 21 percent). Due to the higher level of US dollar denominated debt and the weakening Canadian dollar during the year 2000, the balance of deferred unrealized foreign exchange loss increased to $13.8 million, with $2.6 million being recognized as an expense in 2000 compared with $2.2 million in 1999 (1998 – $1.8 million).

Taxes

($ millions)	2000	1999	1998
Taxes other than income taxes			
Current	**$ 57.1**	$ 8.1	$ 3.6
Deferred	**$ (7.6)**	$ –	$ –
	$ 49.5	$ 8.1	$ 3.6
Current income tax – North Sea	**$ 33.7**	$ –	$ –
Current income tax – Large Corporation Tax	**$ 14.7**	$ 7.8	$ 6.3
Future income tax	**$ 464.0**	$ 136.8	$ 56.0

Canadian Natural adopted the liability method of accounting for income taxes on January 1, 2000 as recommended by the Canadian Institute of Chartered Accountants ("CICA"). Under the liability method, Canadian Natural will record future income taxes for the effects of any difference between the accounting and income tax basis of an asset or liability. Canadian Natural has adopted the CICA recommendations retroactively without prior period restatement. Canadian Natural's future income tax provision for 2000 increased to $464.0 million ($4.14 per boe) from $136.8 million ($1.80 per boe); (1998 – $56.0 million or $0.82 per boe) due to the significant increase in net earnings before tax. Canadian Natural's effective tax rate declined to 39.5 percent in 2000 from 42.0 percent in 1999 and 51.4 percent in 1998 as a result of lower tax rates in its foreign operations, and the continuing benefit of the resource allowance on its Canadian operations.

Canadian Natural did not incur any cash Canadian federal income taxes and it is anticipated that, due to the availability of $2.9 billion of tax pools in Canada at the end of 2000 and budgeted capital expenditures for 2001, no current cash income tax liability will arise in 2001. Canadian Natural is, however, liable for the payment of Federal Large Corporation Tax ("LCT"). LCT increased to $14.7 million, $0.14 per boe from $7.8 million, $0.15 per boe, (1998 – $6.2 million, $0.10 per boe) due to an increase in Canadian Natural's capital base upon which the LCT is calculated. Total current income tax expense in the North Sea is $33.7 million or $0.46 per boe. Earnings in the North Sea are currently subject to a tax rate of 30 percent.

Taxes other than income taxes consist of the current and deferred Petroleum Revenue Tax ("PRT"), other international taxes and provincial capital taxes. Taxes other than income taxes increased to $49.5 million or $0.44 per boe in 2000 from $8.1 million or $0.11 per boe in 1999 (1998 – $3.6 million or $0.05 per boe). The increase in other taxes was mainly due to North Sea PRT, which accounts for $33.3 million or $0.29 per boe. PRT is charged on applicable fields at the rate of 50 percent of net operating income after certain deductions. New fields, including Banff, Pierce, Harding and Kyle are not subject to PRT and as a result, PRT provisions as a percentage of net income are expected to decline in the future.

Liquidity and Capital Resources

Debt

($ millions, except ratios)	**2000**	1999	1998
Working capital deficit (surplus)	**$ 77.3**	$ (36.4)	$ (57.9)
Long-term debt	**2,454.5**	2,156.8	1,425.5
Net debt	**$ 2,531.8**	$ 2,120.4	$ 1,367.6
Net debt to cash flow	**1.3**	2.9	3.1
Net debt to equity	**44%**	53%	52%
Net debt to market capitalization	**33%**	35%	37%

Canadian Natural had unsecured bank credit facilities of approximately $2,800.0 million at December 31, 2000 compared with $2,250.0 million in 1999 (1998 – $1,600.0 million). The facilities are reviewed annually and require no principal repayments provided certain covenants, including specific financial ratios, are maintained. Canadian Natural anticipates continuing to meet these requirements under its current operating forecast for 2001. In January 2001, Canadian Natural reduced its unsecured bank credit facility by $450.0 million. In March 2000, Canadian Natural issued $125.0 million of seven-year Medium Term Notes as a strategy to lengthen the average maturity of its debt portfolio. In addition, Canadian Natural assumed the US dollar senior unsecured notes of Ranger on acquisition, further lengthening the average maturity of the debt portfolio and increasing the component of fixed rate debt to 23 percent of total debt.

Share Capital

Canadian Natural issued 7.6 million shares relating to the acquisition of Ranger. A further 3.2 million shares were issued throughout the year 2000 for proceeds of $65.3 million from the exercise of employee stock options compared with 1.2 million shares for proceeds of $21.6 million in 1999 (1998 – 1.0 million shares for proceeds of $14.0 million). In 1999, 10.5 million common shares were issued for gross proceeds of $399.0 million pursuant to a prospectus offering.

The $118.3 million of preferred securities assumed on acquisition of Ranger represent equity under accounting principles generally accepted in Canada. Accordingly, the preferred security dividends of $2.8 million net of tax ($5.0 million before tax) were recorded directly to retained earnings.

Capitalization

	2000		1999		1998	
($ millions)	$	%	$	%	$	%
Working capital deficit (surplus)	**77.3**	**0.9**	(36.4)	(0.5)	(57.9)	(1.4)
Long-term debt	**2,454.5**	**27.2**	2,156.9	32.7	1,425.5	35.0
Deferred credits	**1,414.9**	**15.7**	541.4	8.2	408.3	10.0
Warrants at book value	**2.7**	**–**	2.9	–	0.7	–
Common shares at December 31 market value	**5,074.6**	**56.2**	3,928.8	59.6	2,295.6	56.4
	9,024.0	**100.0**	6,593.6	100.0	4,072.2	100.0

Capital Expenditures

Excluding the corporate acquisition of Ranger, capital expenditures totalled $1,136.0 million in the year 2000, down from $1,900.6 million in 1999 (1998 – $609.7 million). Net property acquisitions in 2000 decreased by $1,272.1 million as 1999 included the acquisition of properties from BP Amoco and Blue Range. Property acquisitions in the year 2000 are net of proceeds on disposition of $160.3 million, including $128.0 million received on the sale of non-operated Canadian properties acquired in the Ranger acquisition. Capital expenditures on North American properties accounted for 92 percent of expenditures, with the remainder expended in Canadian Natural's core operating regions in the North Sea and Offshore West Africa. Expenditures on exploration and development increased 103 percent to $979.9 million in the year 2000 from $482.1 million in 1999 (1998 – $517.1 million). Facilities expenditures increased to $335.7 million from $143.2 million in 1999 (1998 – $205.7 million). Well drilling, completion and equipping increased 91 percent with the drilling of 813 net wells, 86 more than were drilled in 1999 (1998 – 358 net wells). Canadian Natural's 2000 capital program was funded through a combination of cash flow, available forms of debt financing, the issue of common share equity and the sale of non-strategic properties.

Capital Expenditures

($ millions)	2000	1999	1998
Corporate acquisition	**$ 1,687.3**	$ –	$ –
Property acquisitions	**310.5**	1,448.3	197.8
Seismic and geological evaluation	**40.5**	17.9	17.2
Land acquisition and retention	**79.7**	46.2	39.0
Well drilling, completion, equipping	**524.0**	274.8	255.2
Pipeline and production facilities	**335.7**	143.2	205.7
Projects under construction	**–**	(6.5)	25.4
Head office equipment	**5.9**	2.7	3.3
Total capital expenditures	**2,983.6**	1,926.6	743.6
Funded by:			
Cash flow	**1,883.6**	723.5	444.2
Long-term debt and working capital	**397.0**	769.9	151.5
Assumption of preferred securities	**118.3**	–	–
Issue of capital stock	**424.4**	407.2	14.0
Property dispositions	**160.3**	26.0	133.9
	$ 2,983.6	$ 1,926.6	$ 743.6

2000 Segmented Capital Expenditures

($ millions)	North America	North Sea	Other International	Total
Property acquisitions	$ 150.2	$ –	$ –	$ 150.2
Seismic and geological evaluation	28.0	2.8	9.7	40.5
Land acquisition and retention	79.7	–	–	79.7
Well drilling, completion, equipping	480.0	34.1	9.9	524.0
Pipeline and production facilities	298.3	17.7	19.7	335.7
Projects under construction	–	–	–	–
Head office equipment	5.6	0.3	–	5.9
Total capital expenditures	$ 1,041.8	$ 54.9	$ 39.3	$ 1,136.0

Finding and Onstream Costs

($ millions)	**2000**	1999	1998	Three year total
Capital expenditures				
Corporate acquisition	**$ 1,687.3**	$ –	$ –	$ 1,687.3
Net property acquisitions and dispositions	**150.2**	1,422.3	63.9	1,636.4
Seismic and geological evaluation	**40.5**	17.9	17.2	75.6
Land acquisition and retention	**79.7**	46.2	39.0	164.9
Well drilling, completion, equipping	**524.0**	274.8	255.2	1,054.0
Pipeline and production facilities	**335.7**	143.2	205.7	684.6
Total net reserve replacement expenditures	**2,817.4**	1,904.4	581.0	5,302.8
Projects under construction	**–**	(6.5)	25.4	18.9
Head office equipment	**5.9**	2.7	3.3	11.9
Total capital expenditures	**$ 2,823.3**	$1,900.6	$ 609.7	$ 5,333.6
Cost of net reserves replacement ($/boe)				
After reserve revisions (6:1)	**$ 6.23**	$ 4.93	$ 4.79	$ 5.52

Risks and Uncertainties

Canadian Natural is exposed to several operational risks inherent in exploring, developing, producing and marketing of crude oil and natural gas. These inherent risks include: economic risk of finding and producing reserves at a reasonable cost; financial risk of marketing reserves at an acceptable price given market conditions; cost of capital risk associated with securing the needed capital to carry out the Company's operations; risk of carrying out operations with minimal environmental impact; risk of governmental policies, social instability or other political, economic or diplomatic developments in its international operations; and human resources risk of employing talented, motivated employees who share a vision in congruence with Canadian Natural's shareholders.

Operational control is enhanced by focusing efforts on large core areas with high-working interests and by assuming operatorship of all key facilities. Product mix is diversified, ranging from the production of natural gas to the production of crude oil of various grades. Marketing efforts are aimed at various markets to ensure that undue exposure to any one market does not exist. Financial instruments are utilized to help ensure targets are met and to manage exposure to fluctuating commodity markets. The Company also employs highly-qualified, motivated employees, who are shareholders, to ensure these strategies are implemented successfully.

The Company's current position with respect to its financial instruments is detailed in Note 9 of the Company's consolidated financial statements. The arrangements and policies concerning the Company's financial instruments are under constant review and may change depending upon the prevailing market conditions.

Canadian Natural's capital structure mix is also monitored on a continued basis to ensure that it optimizes flexibility, minimizes cost, and offers the greatest opportunity for growth. This includes the determination of a reasonable level of debt and any interest rate exposure risk which may exist.

Canadian Natural continues to employ an Environmental Management Plan to ensure the welfare of its employees, the communities in which it operates, and the environment as a whole. Environmental protection is of fundamental importance and is undertaken in accordance with guiding principles approved by the Company's Board of Directors. On an annual basis, the Board of Directors is presented with a detailed copy of the Company's Environmental Management Plan which is updated regularly at quarterly Directors' meetings.

Outlook

Canadian Natural has established a strong balanced asset base. The estimated production mix in 2001 will be 21 percent light oil, nine percent medium oil, 31 percent heavy oil and 39 percent natural gas with estimated total production averaging 350,000 to 360,000 boe per day. The asset base is comprised of conventional exploration and production operations, midstream assets and oil sand leases. The asset base provides growth opportunities in the short, medium and long term.

Canadian Natural's 2001 capital expenditure program of $1.5 billion will be allocated approximately 85 percent to Canadian operations and 15 percent to international opportunities in the North Sea and Offshore West Africa. Based on projected production volumes and the current pricing assumptions in the futures market, Canadian Natural's 2001 cash flow will be in excess of $2.3 billion. It is Canadian Natural's current intention to use excess cash flow to further pay down debt and fund a dividend and share buy back program.

Canadian Natural announced a dividend policy for the payment of a regular quarterly dividend of $0.10 per common share payable in January, April, July and October of each year with the initial payment to be made on April 1, 2001. Canadian Natural filed with the Toronto Stock Exchange a notice of intention to purchase up to five percent of the Company's common shares outstanding through a normal course issuer bid during the 12 month period ending January 21, 2002.

2001 Sensitivity Analysis

	Cash flow	Cash flow per share
	$ millions	$
Natural gas price ($0.10/mcf)	23.7	0.19
Natural gas volume (10 mmcf/d)	19.4	0.16
Oil price (WTI – US$1.00)	100.0	0.81
Oil volume (1,000 bbls/d)	6.4	0.05
Interest rates (1%)	23.0	0.19

Per-Unit Results

	2000	1999	1998
Crude oil and liquids ($/bbl)			
Revenue	**29.99**	21.04	12.93
Royalties	**3.05**	2.25	1.66
Production	**6.38**	4.90	4.69
Operating netback	**20.56**	13.89	6.58
Natural gas ($/mcf)			
Revenue	**4.53**	2.36	2.12
Royalties	**1.08**	0.44	0.29
Production	**0.44**	0.37	0.33
Operating netback	**3.01**	1.55	1.50
Barrel of oil equivalent ($/boe) (6:1)			
Revenue	**28.77**	17.03	12.80
Royalties	**4.51**	2.49	1.70
Production	**4.76**	3.34	3.09
Operating netback	**19.50**	11.20	8.01
Administration	**0.25**	0.23	0.27
Interest	**1.45**	1.20	1.11
Taxes other than income tax – current	**0.51**	0.11	0.05
Current income tax	**0.43**	0.10	0.10
Cash flow netback	**16.86**	9.56	6.48
Depletion, depreciation and amortization	**5.75**	5.08	4.77
Unrealized foreign exchange loss	**0.03**	0.03	0.03
Taxes other than income tax – deferred	**(0.07)**	–	–
Future income taxes	**4.14**	1.80	0.82
Net earnings	**7.01**	2.65	0.86
Dividend on preferred securities	**0.03**	–	–
Net earnings attributable to common shareholders	**6.98**	2.65	0.86

Quarterly Financial Information (unaudited)

($ millions, except per share)	Q1	Q2	Q3	Q4	Total
2000					
Oil and natural gas revenue	**550.4**	**637.4**	**1,003.8**	**1,030.9**	**3,222.5**
Cash flow attributable to common shareholders	**343.2**	**400.3**	**587.4**	**552.7**	**1,883.6**
Per share	**3.06**	**3.55**	**4.97**	**4.56**	**16.14**
Net earnings attributable to common shareholders	**142.3**	**175.5**	**241.2**	**223.2**	**782.2**
Per share	**1.27**	**1.55**	**2.04**	**1.84**	**6.70**

($ millions, except per share)	Q1	Q2	Q3	Q4	Total
1999					
Oil and natural gas revenue	202.4	231.8	399.2	453.4	1,286.8
Cash flow attributable to common shareholders	100.7	125.4	235.0	262.4	723.5
Per share	1.01	1.25	2.29	2.41	6.96
Net earnings attributable to common shareholders	10.3	23.5	70.5	95.9	200.2
Per share	0.10	0.24	0.69	0.90	1.93

Trading and Share Statistics

	Q1	Q2	Q3	Q4	2000 Total	1999 Total
TSE – CDN$						
Trading volume (thousands)	38,085	35,574	35,446	32,748	141,853	107,615
Share price ($/share)						
High	39.50	49.45	56.20	52.25	56.20	38.60
Low	29.80	35.80	40.25	37.25	29.80	19.80
Close	38.40	43.00	50.40	41.50	41.50	35.25
Market capitalization, at December 31 ($ millions)					5,075	3,929
Shares outstanding (thousands)					122,279	111,454
NYSE — US$						
Trading volume (thousands)	–	–	330	463	793	–
Share price ($/share)						
High	–	–	37.81	34.56	37.81	–
Low	–	–	27.44	24.75	24.75	–
Close	–	–	33.50	27.50	27.50	–
Market capitalization, at December 31 ($ millions)					3,363	–
Shares outstanding (thousands)	–	–			122,279	–

MANAGEMENT'S RESPONSIBILITY

The accompanying consolidated financial statements and all information in the annual report are the responsibility of management. The consolidated financial statements have been prepared by management in accordance with the accounting policies in the notes to the consolidated financial statements. Where necessary, management has made informed judgements and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with Canadian generally accepted accounting principles appropriate in the circumstances. The financial information elsewhere in the annual report has been reviewed to ensure consistency with that in the consolidated financial statements.

Management maintains appropriate systems of internal control. Policies and procedures are designed to give reasonable assurance that transactions are appropriately authorized, assets are safeguarded from loss or unauthorized use and financial records are properly maintained to provide reliable information for preparation of financial statements.

PricewaterhouseCoopers LLP, an independent firm of Chartered Accountants, has been engaged, as approved by a vote of the shareholders at the Company's most recent Annual General Meeting, to examine the consolidated financial statements in accordance with generally accepted auditing standards in Canada and provide an independent professional opinion. Their report is presented with the consolidated financial statements.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises this responsibility through the Audit Committee of the Board. This committee, which is comprised of a majority of non-management directors, meets with management and the external auditors to satisfy itself that management responsibilities are properly discharged and to review the consolidated financial statements before they are presented to the Board of Directors for approval. The consolidated financial statements have been approved by the Board of Directors on the recommendation of the Audit Committee.

Randall Davis

John G. Langille, CA
President
March 7, 2001

Randall S. Davis, CA
Manager, Financial Accounting

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Canadian Natural Resources Limited as at December 31, 2000 and 1999 and the consolidated statements of earnings, retained earnings and cash flows for each of the years in the three year period ended December 31, 2000. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2000 and 1999 and the results of its operations and its cash flows for each of the years in the three year period ended December 31, 2000 in accordance with accounting principles generally accepted in Canada.

PricewaterhouseCoopers LLP

Chartered Accountants

Calgary, Alberta
March 7, 2001

CONSOLIDATED BALANCE SHEET

As at December 31 (millions of Canadian dollars)	2000	1999
ASSETS		
Current assets		
Cash	$ 28.0	$ 0.1
Accounts receivable and prepaid expenses	550.1	250.1
Inventory	33.9	46.8
	612.0	297.0
Property, plant and equipment (notes 3 and 6)	7,141.5	4,553.5
Deferred charges (note 4)	22.1	0.3
	7,775.6	4,850.8
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	672.8	260.6
Current portion of long-term debt (note 5)	16.5	–
	689.3	260.6
Long-term debt (note 5)	2,454.5	2,156.8
Future site restoration	170.5	36.9
Future income tax (note 6)	1,244.4	504.5
	4,558.7	2,958.8
SHAREHOLDERS' EQUITY		
Preferred securities (note 7)	118.3	–
Share capital and contributed surplus (note 8)	1,692.6	1,268.2
Retained earnings	1,406.0	623.8
	3,216.9	1,892.0
	$ 7,775.6	$ 4,850.8

Signed on behalf of the Board

Allan P. Markin
Director

N. Murray Edwards
Director

CONSOLIDATED STATEMENT OF EARNINGS

For the Years Ended December 31

(millions of Canadian dollars, except per share amounts)	2000	1999	1998
REVENUE			
Oil and natural gas	$ 3,222.5	$ 1,286.8	$ 877.6
Less: royalties	(506.2)	(187.9)	(116.8)
	2,716.3	1,098.9	760.8
EXPENSES			
Production	532.9	252.0	211.9
Depletion, depreciation and amortization	644.6	384.3	327.4
Administration	27.2	17.0	18.8
Interest	162.1	90.5	76.0
Unrealized foreign exchange loss	2.6	2.2	1.8
	1,369.4	746.0	635.9
EARNINGS BEFORE TAXES	1,346.9	352.9	124.9
Taxes other than income tax (note 6)	49.5	8.1	3.6
Current income tax (note 6)	48.4	7.8	6.3
Future income tax (note 6)	464.0	136.8	56.0
NET EARNINGS	785.0	200.2	59.0
Dividend on preferred securities (net of tax)	(2.8)	–	–
NET EARNINGS ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ 782.2	$ 200.2	$ 59.0
Weighted average number of common shares outstanding	116,701,156	103,906,418	99,331,028
Net earnings per common share attributable to common shareholders (basic and fully diluted)	$ 6.70	$ 1.93	$ 0.59

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

For the Years Ended December 31 (millions of Canadian dollars)	2000	1999	1998
RETAINED EARNINGS – BEGINNING OF YEAR	$ 623.8	$ 423.6	$ 364.6
NET EARNINGS	785.0	200.2	59.0
DIVIDEND ON PREFERRED SECURITIES (net of tax)	(2.8)	–	–
RETAINED EARNINGS – END OF YEAR	$ 1,406.0	$ 623.8	$ 423.6

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Years Ended December 31 (millions of Canadian dollars, except per share amounts)	2000	1999	1998
OPERATING ACTIVITIES			
Net earnings	**$ 785.0**	$ 200.2	$ 59.0
Non-cash items			
Depletion, depreciation and amortization	**644.6**	384.3	327.4
Deferred petroleum revenue tax (reduction)	**(7.6)**	–	–
Future income tax	**464.0**	136.8	56.0
Unrealized foreign exchange loss	**2.6**	2.2	1.8
Cash flows provided from operating activities	**1,888.6**	723.5	444.2
Net change in non-cash working capital balances related to operating activities	**(55.4)**	(54.7)	(8.2)
	1,833.2	668.8	436.0
FINANCING ACTIVITIES			
Increase (decrease) in long-term debt	**(78.5)**	748.5	267.8
Issue of capital stock	**66.4**	404.3	14.0
Dividend on preferred securities	**(5.0)**	–	–
Decrease in deferred liabilities	**–**	–	(39.9)
Net change in non-cash working capital balances related to financing activities	**5.8**	0.1	–
	(11.3)	1,152.9	241.9
INVESTING ACTIVITIES			
Corporate acquisition (note 2)	**(722.8)**	–	–
Expenditures on property, plant and equipment	**(1,294.6)**	(1,923.7)	(743.6)
Net proceeds on sale of property, plant and equipment	**160.3**	26.0	133.9
Net change in non-cash working capital balances related to investing activities	**63.1**	76.0	(68.3)
	(1,794.0)	(1,821.7)	(678.0)
INCREASE (DECREASE) IN CASH	**27.9**	–	(0.1)
CASH – BEGINNING OF YEAR	**0.1**	0.1	0.2
CASH – END OF YEAR	**$ 28.0**	$ 0.1	$ 0.1
Cash flow per share from operations attributable to common shareholders (basic and fully diluted)	**$ 16.14**	$ 6.96	$ 4.47

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

For the Years Ended December 31 (millions of Canadian dollars)	2000	1999	1998
Interest paid	**$ 169.3**	$ 90.0	$ 71.0
Taxes paid	**$ 62.3**	$ 14.3	$ 10.9
Changes in non-cash working capital			
Accounts receivable and prepaid expenses	**$ (110.9)**	$ (106.5)	$ 25.1
Inventory	**7.9**	3.6	(34.3)
Accounts payable and accrued liabilities	**116.5**	124.3	(67.3)
	$ 13.5	$ 21.4	$ (76.5)

(tabular amounts in millions of Canadian dollars, unless otherwise stated)

1. ACCOUNTING POLICIES

The consolidated financial statements of Canadian Natural Resources Limited (the "Company") have been prepared in accordance with accounting principles generally accepted in Canada. Management has made estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses in the preparation of the financial statements. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, actual results may differ from estimated amounts but management does not believe such differences will materially affect the Company's financial position or results of operations. Significant accounting policies are summarized as follows:

Principles of consolidation

The consolidated financial statements include the accounts of the Company, its subsidiaries and partnerships. A portion of the Company's activity is conducted jointly with others and the consolidated financial statements reflect only the Company's proportionate interest in such activities.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Other investments (term deposits and certificates of deposit) purchased with a maturity date of three months or less are reported as cash equivalents.

Inventory

Inventory is comprised of product inventory and oilfield equipment held for resale and is valued at the lower of cost and net realizable value.

Petroleum and natural gas property, plant and equipment

The Company follows the full cost method of accounting for petroleum and natural gas properties and equipment as prescribed by the Canadian Institute of Chartered Accountants whereby all costs relating to the exploration for and development of oil and natural gas reserves are capitalized and accumulated in country-by-country cost centres. Proceeds on disposal of properties are ordinarily deducted from such costs without recognition of profit or loss except where such disposal constitutes a major portion of the Company's reserves.

The costs related to each cost centre from which there is production are depleted on the unit-of-production method based on the estimated proven reserves of each country. Volumes of net production and reserves before royalties are converted to equivalent units on the basis of estimated relative energy content. In determining its depletion base, the Company includes estimated future costs to be incurred in developing proven reserves and excludes the cost of unproven properties. The unproven properties are assessed periodically to ascertain whether impairment has occurred. When proved reserves are assigned or the value of the property is considered to be impaired, the cost of the property or the amount of the impairment is added to costs subject to depletion. The costs in cost centres from which there has been no commercial production are not subject to depletion until commercial production commences.

Processing and production facilities, net of salvage value, are depreciated based on the estimated useful life of twenty years.

The Company carries its petroleum and natural gas properties at the lower of the capitalized cost and net recoverable value. Net capitalized cost of each cost centre is calculated as the net book value of the related assets less the accumulated provisions for future income taxes and future site restoration. Net recoverable value is limited to the sum of future net revenues from proven properties, and the cost of unproven properties net of provisions for impairment less estimated future financing and administrative expenses and income taxes. Future net revenues are based on prices and costs prevailing at year-end.

Future site restoration

Estimated future dismantlement, site restoration and abandonment costs of petroleum and natural gas properties are provided for using the unit-of-production method, while those of facilities are provided for using the straight-line method over the estimated service life of the assets of twenty years. Expenditures incurred to dismantle facilities and restore well sites are charged against the related restoration liability.

Depreciation and amortization of other capital assets

Other capital assets are amortized over their estimated useful life of five years.

Foreign currency translation

Operations outside Canada are considered to be integrated and are translated using the temporal method. For foreign currency balances and integrated subsidiaries, monetary assets and liabilities are translated to Canadian dollars at the exchange rate in effect at the balance sheet date and non-monetary assets and liabilities are translated at rates of exchange in effect when the assets are acquired or obligations incurred. Revenues and expenses are translated to Canadian dollars at the monthly average exchange rate. Provisions for depletion, depreciation and future site restoration are translated at the same rates as the related items. Gains or losses on translation are included in the determination of net earnings for the period except for unrealized gains or losses on long-term debt which are deferred and amortized over the remaining term of the debt.

Petroleum revenue tax

The Company accounts for future United Kingdom Petroleum Revenue Tax ("PRT") by the life-of-the-field method. The total future liability or recovery of PRT is estimated using current prices and costs. The estimated future PRT is apportioned to accounting periods on the basis of estimated future revenues. Changes in the estimated total future PRT are accounted for prospectively.

Income tax

The Company follows the liability method of accounting for income taxes. Under this method, income tax assets and liabilities are recognized based on the estimated tax effects of temporary differences in the carrying value of assets and liabilities in the financial statements and their respective tax bases, using income tax rates enacted on the balance sheet date. The effect of a change in income tax rates on the future income tax assets and liabilities is recognized in income in the period of the change.

Stock based compensation plans

Consideration paid by employees or directors on the exercise of stock options under the employee stock option plan is recorded as share capital. No compensation expense is recorded either on granting or the exercise of options under the plan. The Company matches employee contributions to the stock savings plan and these cash payments are recorded as compensation expense.

Financial instruments

The Company uses various financial instruments to reduce its exposure to commodity price and foreign exchange rate fluctuations. The Company does not use these instruments for trading purposes. Gains or losses on these contracts are included in oil and natural gas revenue at the time of sale of the related product.

2. CORPORATE ACQUISITION

In July 2000, the Company issued 7,602,068 common shares at $47.10 per share and paid cash of $722.8 million to acquire all the issued and outstanding common shares of Ranger Oil Limited ("Ranger"), a company engaged in the exploration for and development of petroleum and natural gas in the North Sea, North America and other international areas. The acquisition was accounted for by the purchase method. The Company's Consolidated Statements of Earnings, Retained Earnings and Cash Flows include operating results of Ranger since the date of acquisition. The purchase price was allocated to net assets acquired based on their estimated fair values.

Property, plant and equipment	$ 1,966.4
Future site restoration	(129.3)
Future income tax	(149.8)
Net assets acquired	$ 1,687.3

Equity consideration	$ 358.0
Cash consideration	722.8
Assumption of net debt	376.6
Assumption of preferred securities	118.3
Assumption of non-cash working capital	111.6
Purchase price	$ 1,687.3

3. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated depletion and depreciation	Net
2000			
Oil and Gas			
North America	**$ 8,010.6**	**1,918.8**	**$ 6,091.8**
North Sea	**868.3**	**52.3**	**816.0**
Other International	**221.3**	**0.9**	**220.4**
Other	**24.6**	**11.3**	**13.3**
	$ 9,124.8	**1,983.3**	**$ 7,141.5**
1999			
Oil and Gas			
North America	$ 5,893.7	1,349.4	$ 4,544.3
Other	17.9	8.7	9.2
	$ 5,911.6	1,358.1	$ 4,553.5

North American oil and gas assets include a $76.6 million future tax recovery on the sale of non-tax based assets in 2000.

During the year ended December 31, 2000, the Company capitalized administrative overhead of $3.7 million (1999 – $0; and 1998 – $0) relating to exploration and development in the North Sea and other international areas. Costs of $714.1 million (1999 – $418.1 million, 1998 – $296.0 million) relating to undeveloped land and non-commercial operations have been excluded from the Company's depletion base.

4. DEFERRED CHARGES

	2000	1999
Unrealized foreign exchange loss	**$ 13.8**	$ 0.3
Deferred petroleum revenue tax	**8.3**	–
	$ 22.1	$ 0.3

5. LONG-TERM DEBT

	2000	1999
Bank credit facilities		
Bankers' acceptances	$ 1,437.4	$ 1,748.9
US $ Bankers' acceptances		
(US $196 million, 1999 – US $196 million)	294.0	282.9
US $ LIBOR advances (US $100 million)	150.0	–
Other	8.3	–
Limited recourse loan	11.8	–
Medium term notes		
6.85% unsecured debentures due May 28, 2004	125.0	125.0
7.40% unsecured debentures due March 1, 2007	125.0	–
Senior unsecured notes		
6.95% due September 30, 2003 (US $30 million)	45.0	–
6.42% due May 27, 2004 (US $40 million)	60.0	–
6.50% due May 1, 2008 (US $50 million)	75.0	–
Adjustable rate due May 27, 2009 (US $93 million)	139.5	–
	$ 2,471.0	$ 2,156.8
Amount due within one year	16.5	–
	$ 2,454.5	$ 2,156.8

Bank credit facilities

The Company has unsecured bank credit facilities of approximately $2,800 million comprised of a $100 million operating demand facility, three revolving credit and term loan facilities totaling $2,475 million and a revolving credit facility of US $150 million. With the exception of a $450 million facility maturing January 15, 2002, the Canadian revolving credit and term loan facilities are fully revolving for 364-day periods with provision for extensions at the mutual agreement of the Company and the lenders. If not extended, the facilities convert to a non-revolving reducing loan with a term of between three and five years. The bank facilities provide that the borrowings may be made by way of operating advance, prime loans, bankers' acceptances, US base rate loans or US dollar LIBOR advances which bear interest at the bank's prime rates or at money market rates plus applicable margins. The US $150 million credit facility provides for LIBOR advances bearing interest at market rates plus applicable margins and is fully revolving for a 364-day period with a provision for one extension by mutual agreement of the lenders and the Company. At the end of the revolving period, the facility converts to a non-revolving reducing loan with a two year term. Principal repayments on facilities are not required provided certain convenants with respect to the Company's financial ratios are maintained. Based upon the remaining credit facilities, the indebtedness outstanding at December 31, 2000 and the Company's cash flow, no current portions of these bank credit facilities are required to be paid and therefore no current portions have been recognized. Subsequent to year-end, the Company cancelled a $450 million credit facility.

In addition to the outstanding debt, letters of credit aggregating $37.6 million have been issued against the bank credit facility.

Limited recourse loan

The limited recourse loan bears interest based on a floating bankers' acceptance rate plus an applicable margin and is repayable in semi-annual installments expiring March 2007. The loan is secured by certain pipeline assets.

Medium term notes

The Company's medium term note program has an authorized principal amount of $500 million. The notes may be denominated in Canadian dollars, or in foreign currencies, and bear interest at either fixed or floating rates, determined by reference to market rates at the date of issue of the notes.

Senior unsecured notes

The 6.95 percent notes due September 30, 2003 have principal repayments of US $10.0 million on September 30, 2001 and US $10.0 million annually thereafter to maturity. The 6.42 percent notes are due in full May 27, 2004. Annual principal repayments of US $10.0 million commence May 1, 2004 on the 6.50 percent notes due May 1, 2008. The adjustable rate notes bear interest at 6.64 percent declining to 6.54 percent under certain circumstances, have annual principal repayments of US $31.0 million commencing May 27, 2007 and are due May 27, 2009. The debt instruments contain covenants pertaining to the Company's net worth, certain ratios and the ability to grant security. At December 31, 2000 all covenants have been met.

Required debt repayments

Debt repayments are as follows:

Year	Repayment
2001	$ 16.5
2002	$ 16.5
2003	$ 91.7
2004	$ 276.8
2005	$ 16.8
Thereafter	$ 313.0

6. TAXES

Income tax

Effective January 1, 2000, the Company adopted the Canadian Institute of Chartered Accountants' new accounting standard with respect to accounting for income taxes. The new standard recommends the liability method of determining income taxes where future income taxes are determined based on temporary differences between the tax bases of assets or liabilities and their carrying amounts in the financial statements. Previously, the Company used the deferral method of determining income taxes where deferred income taxes were recognized based on the differences in timing of recognition of revenue and expenses for financial accounting and income tax purposes. The new standard has been applied retroactively without restatement.

The effects of the new standard on the opening balances of the 2000 financial statements are:

Increase property, plant and equipment	$ 204.1
Increase future income tax liability	$ 204.1

The adjustments result primarily from the recognition of future income tax liabilities on past acquisitions where the tax basis of assets acquired was less than the purchase price.

There is no impact on net earnings for the year as a result of the adoption of the new policy.

The following table summarizes the temporary differences which give rise to the future income tax liability at December 31, 2000.

	2000
Future income tax liabilities	
Property, plant and equipment	**$1,052.4**
Partnership deferral	**479.5**
Other	**5.0**
Future income tax assets	
Future site restoration	**(49.0)**
Share issue costs	**(5.4)**
Income tax losses	**(180.5)**
Other	**(57.6)**
	$1,244.4

The provision for current income tax is as follows:

	2000	1999	1998
Current tax	**$ 33.7**	$ –	$ –
Large corporations tax	**14.7**	7.8	6.3
	$ 48.4	$ 7.8	$ 6.3

The provision for income taxes is different from the amount computed by applying the combined statutory Canadian federal and provincial income tax rates to earnings before taxes. The reasons for the difference are as follows:

	2000	1999	1998
	44%	44%	44%
Tax provision at statutory rate	**$ 592.6**	$ 155.3	$ 55.0
Effect on taxes of			
Non-deductibility of crown royalties, lease rentals and mineral taxes	**193.2**	64.8	36.4
Non-tax base depletion	**–**	13.0	22.6
Resource allowance	**(238.1)**	(95.7)	(57.4)
Large corporations tax	**14.7**	7.8	6.3
Deductible petroleum revenue tax	**(14.6)**	–	–
Foreign tax rate differentials	**(40.9)**	–	–
Other	**5.5**	(0.6)	(0.6)
	$ 512.4	$ 144.6	$ 62.3

The Company's non-capital loss carryforwards will expire in the following years

2001	$ 7.5
2002	0.3
2003	2.3
2004	–
2005	32.3
2006	242.8
2007	29.6
Thereafter	51.7
	$ 366.5

Taxes other than income tax

	2000	1999	1998
Current petroleum revenue tax	**$ 40.9**	$ –	$ –
Deferred petroleum revenue tax (reduction)	**(7.6)**	–	–
Provincial capital taxes and surcharges	**12.3**	8.1	3.6
Other	**3.9**	–	–
	$ 49.5	$ 8.1	$ 3.6

The measurement of PRT expense and the related provision in the consolidated financial statements is subject to uncertainty associated with future recoverability of oil and natural gas reserves, commodity prices and the timing of future events, which could result in material changes to deferred amounts.

7. PREFERRED SECURITIES

The US $80 million preferred securities are in the form of 8.30 percent subordinated notes. Principal repayments of US $26.7 million are required annually commencing June 25, 2009. The securities may be prepaid at the option of the Company at any time. The prepaid amount is subject to certain adjustments to compensate holders for any potential loss of return over the original life of the securities, based on market conditions at that time. The notes are subordinated to the long-term debt of the Company and contain, among other things, certain financial covenants restricting the granting of security for new borrowings and the maintenance of specified financial ratios. As at December 31, 2000 all covenants have been met.

The Company has the unrestricted right to pay dividends, principal and principal prepayment amounts with proceeds from the issuance of common shares. The semi-annual dividend payments may be deferred at the option of the Company for up to two consecutive periods, with a maximum of eight deferral periods over the life of the securities.

8. SHARE CAPITAL AND CONTRIBUTED SURPLUS

Authorized

200,000 Class 1 preferred shares with a stated value of $10 each

Unlimited number of common shares without par value

Share capital and contributed surplus

	2000	1999
Common shares	**$ 1,688.0**	$ 1,263.4
Warrants	**2.7**	2.9
Contributed surplus	**1.9**	1.9
	$ 1,692.6	$ 1,268.2

Issued

	2000		1999	
	Number of shares	Amount	Number of shares	Amount
Common shares				
Balance – beginning of year	**111,454,066**	**$ 1,263.4**	99,809,248	$ 852.0
Issued for acquisition of Ranger	**7,602,068**	**358.0**	–	–
Exercise of stock options	**3,187,376**	**65.3**	1,228,153	21.6
Exercise of warrants	**35,490**	**1.3**	–	–
Issued for cash pursuant to prospectus offering	**–**	**–**	10,500,000	399.0
Cancellation of shares	**–**	**–**	(83,335)	(0.2)
Issue costs (net of tax)	**–**	**–**	–	(9.0)
Balance – end of year	**122,279,000**	**$ 1,688.0**	111,454,066	$1,263.4
Warrants				
Balance – beginning of year	**500,000**	**$ 2.9**	750,000	$ 0.7
Exercised during the year	**(35,490)**	**(0.2)**	–	–
Issued during the year	**–**	**–**	500,000	2.9
Expired during the year	**–**	**–**	(750,000)	(0.7)
Balance – end of year	**464,510**	**$ 2.7**	500,000	$ 2.9

Contributed surplus

	2000	1999
Balance – beginning of year	**$ 1.9**	$ 1.0
Expiry of warrants	**–**	0.7
Cancellation of common shares	**–**	0.2
Balance – end of year	**$ 1.9**	$ 1.9

Cancellation of common shares

During 1999, 83,335 common shares were returned to treasury and cancelled on the expiry of the conversion period for exchanging previously issued equity and debt instruments into common shares of the Company.

Warrants

During 1999, the Company issued 500,000 warrants at an ascribed value of $2.9 million to acquire property, plant and equipment. Each warrant entitles the holder to acquire one common share of the Company at a price of $30.00 per common share until August 16, 2001.

Stock options

The Company's stock option plan provides for granting of options to directors, officers and employees in a total amount up to a maximum of ten percent of the total issued and outstanding common shares of the Company. Options granted under the plan have a maximum term of six years to expiry and vest equally over a five year period starting on the first anniversary date of the grant. The exercise price of each option granted equals the market price of the Company's common shares on the date of grant.

The following tables summarize the information relating to stock options outstanding at December 31, 2000 and 1999.

	2000		1999	
	Share options	**Weighted average exercise price**	Share options	Weighted average exercise price
Outstanding – beginning of year	**9,664,451**	**$ 25.99**	9,724,464	$ 23.98
Granted	**5,201,640**	**39.18**	1,888,610	31.72
Exercised	**(3,187,376)**	**20.48**	(1,228,153)	17.55
Forfeited	**(1,014,472)**	**39.61**	(720,470)	28.16
Outstanding – end of year	**10,664,243**	**$ 32.78**	9,664,451	$ 25.99
Exercisable – end of year	**2,235,424**	**$ 29.80**	3,331,204	$ 24.10

	Options Outstanding			Options Exercisable	
Range of exercise prices	Options outstanding	Weighted average remaining term (years)	Weighted average exercise price	Options exercisable	Weighted average exercise price
Under $25.00	1,834,044	3.4	$ 22.32	576,581	$ 22.54
$25.00 to $29.99	1,699,860	3.1	27.10	498,174	27.24
$30.00 to $34.99	4,789,749	4.1	33.81	1,092,619	34.27
Over $35.00	2,340,590	5.4	42.98	68,050	38.28
	10,664,243	4.1	$ 32.78	2,235,424	$ 29.80

9. FINANCIAL INSTRUMENTS

Financial contracts

The Company's financial instruments recognized in the consolidated balance sheet consist of cash, accounts receivable, current liabilities and long-term debt.

The estimated fair values of financial instruments have been determined based on the Company's assessment of available market information and appropriate valuation methodologies; however, these estimates may not necessarily be indicative of the amounts that could be realized or settled in a current market transaction.

The carrying value of cash, accounts receivable, accounts payable, accrued liabilities and long-term debt with variable interest rates approximate their fair value.

The estimated fair values of other financial instruments are as follows:

	2000		1999	
Asset (Liability)	**Carrying value**	**Fair value**	Carrying value	Fair value
Notes	**$ (687.8)**	**$ (693.6)**	$ (125.0)	$ (122.1)
Derivative financial instruments	**$ –**	**$ (238.9)**	$ –	$ (69.7)

The Company uses certain derivative financial instruments to manage its foreign currency and commodity price exposures. These financial instruments are entered into solely for hedging purposes and are not used for trading or other speculative purposes. The following summarizes transactions outstanding at December 31, 2000.

Crude oil

At December 31, 2000 the Company had hedged 20,000 barrels per day for the year 2001 at an average floor price of US $26.61 per barrel and an average ceiling price of US $30.00 per barrel. In addition, the Company hedged 10,000 barrels per day for the first quarter of 2001 at an average floor price of US $29.00 per barrel and an average ceiling price of US $35.36 per barrel.

At December 31, 2000 the Company had hedged the basis between West Texas Intermediate and Brent oil at US $1.16 per barrel on 17,000 barrels per day for the year 2001.

Natural gas

At December 31, 2000 the Company had hedged 33,200 mmbtu per day at AECO for the first quarter of 2001 at an average floor price of Cdn $5.54 per mmbtu. In addition, the Company hedged 38,000 mmbtu per day for the first quarter of 2001 at an average floor price of Cdn $5.54 per mmbtu and an average ceiling price of Cdn $7.44 per mmbtu.

At December 31, 2000 the Company had hedged the basis between Empress and NYMEX Henry Hub at US $0.73 per mmbtu for 5,500 mmbtu per day for 2001 through 2005 and for 4,600 mmbtu per day for 2006.

At December 31, 2000 the Company had hedged 20,000 mmbtu per day at Sumas for 2001 and 2002 and 16,700 mmbtu per day for 2003 at an average price of Cdn $2.85 per mmbtu.

At December 31, 2000 the Company had hedged 25,000 mmbtu per day at an average NYMEX Henry Hub price of US $1.75 per mmbtu for 2001. In addition, the Company hedged 10,000 mmbtu per day at an average NYMEX price of Cdn $2.52 per mmbtu for 2001 through to October 2006.

Foreign currency

At December 31, 2000 the Company had fixed the exchange rate on US dollars through currency swaps as follows: 2001 – US $11.6 million per month at an average exchange rate of 1.34 and 2002 – US $0.3 million per month at an average exchange rate of 1.37. In addition, the Company fixed the exchange rate on US dollars through currency collars as follows: 2001 to 2002 – US $4.2 million per month and 2003 – US $1.7 million per month at an average floor exchange rate of 1.43 and an average ceiling rate of 1.53. The amounts fixed approximate 9 percent of the amounts of US cash received each month from the sale of crude oil and natural gas.

Credit risk

Accounts receivable are mainly with customers in the oil and natural gas industry and are subject to normal industry credit risks. The Company minimizes this risk by entering into sales contracts with only highly rated entities. The Company is also exposed to certain losses in the event of non-performance by counterparties to derivative instruments; however, the Company minimizes this credit risk by entering into agreements with only highly rated financial institutions.

10. COMMITMENTS

The Company has committed to certain payments over the next five years as follows:

	2001	2002	2003	2004	2005
Natural gas transportation charges	$ 165.2	$ 143.5	$ 122.3	$ 112.4	$ 99.2
Offshore equipment operating lease charges	$ 43.8	$ 56.4	$ 42.0	$ 33.1	$ 31.0
Electricity charges	$ –	$ 28.3	$ 26.2	$ –	$ –
Office lease charges	$ 14.1	$ 13.9	$ 12.6	$ 8.8	$ 8.8

11. SEGMENTED INFORMATION

The Company's activities are conducted in three geographic segments: North America, the North Sea and Other International. All activities relate to the exploration, development, production and marketing of crude oil, natural gas liquids and natural gas.

	North America	North Sea	Other International	2000 Total [1]
REVENUE				
Oil and natural gas	$ 2,905.1	$ 282.8	$ 34.6	$ 3,222.5
Less: royalties	(491.1)	(15.1)	–	(506.2)
	2,414.0	267.7	34.6	2,716.3
EXPENSES				
Production	462.6	54.9	15.4	532.9
Depletion, depreciation and amortization	587.7	54.4	2.5	644.6
Administration	26.4	0.8	–	27.2
Interest	155.3	6.8	–	162.1
Unrealized foreign exchange loss	1.0	3.2	(1.6)	2.6
	1,233.0	120.1	16.3	1,369.4
EARNINGS BEFORE TAXES	1,181.0	147.6	18.3	1,346.9
Taxes other than income tax	12.3	33.3	3.9	49.5
Current income tax	14.7	33.7	–	48.4
Future income tax	478.6	(15.0)	0.4	464.0
NET EARNINGS	675.4	95.6	14.0	785.0
Dividend on preferred securities (net of tax)	(2.8)	–	–	(2.8)
NET EARNINGS ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ 672.6	$ 95.6	$ 14.0	$ 782.2
EXPLORATION AND DEVELOPMENT EXPENDITURES [2]	$ 959.6	$ 54.6	$ 39.3	$ 1,053.5
SEGMENTED ASSETS	$ 6,662.8	$ 878.3	$ 234.5	$ 7,775.6

(1) 1999 and 1998 segmented information consists of North America only and would be consistent with the 1999 and 1998 Consolidated Statement of Earnings and Consolidated Balance Sheet.

(2) Expenditures include a $76.6 million future tax recovery on the sale of non-tax based assets in North America.

12. SUBSEQUENT EVENT

Subsequent to year-end, the Company announced its intention to make a Normal Course Issuer Bid through the facilities of the Toronto Stock Exchange to purchase up to 6,114,726 or five percent of the 122,294,533 outstanding common shares of the Company. The Company also announced a dividend policy for the payment of a regular quarterly dividend of $0.10 per common share payable in January, April, July and October of each year with initial payment to be made on April 1, 2001.

13. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"), which differ in some respects from GAAP in the United States. The significant differences in GAAP, as applicable to these consolidated financial statements and notes, are described in the Company's Form 40-F report, which is filed with the United States Securities and Exchange Commission.

TEN-YEAR REVIEW

Years Ended December 31	2000	1999	1998
FINANCIAL (millions of Canadian dollars, except per share data)			
Revenue	**2,716.3**	1,098.9	760.8
Expenses	**1,369.4**	746.0	635.9
Taxes	**561.9**	152.7	65.9
Cash flow attributable to common shareholders	**1,883.6**	723.5	444.2
Per share*	**16.14**	6.96	4.47
Net earnings attributable to common shareholders	**782.2**	200.2	59.0
Per share*	**6.70**	1.93	0.59
Balance sheet information			
Capital expenditures (net)	**2,823.3**	1,900.6	609.7
Working capital surplus (deficiency)	**(77.3)**	36.4	57.9
Total assets	**7,775.6**	4,850.8	3,247.4
Long-term debt	**2,454.5**	2,156.8	1,425.5
Shareholders' equity	**3,216.9**	1,892.0	1,277.4
Common shares outstanding (millions)*	**122.3**	111.5	99.8
Weighted average shares outstanding (millions)*	**116.7**	103.9	99.3
Number of employees (December 31)	**943**	675	547
OPERATING			
Reserves (proven and probable)			
Crude oil and NGLs (million barrels)			
Proven			
North America	**642**	554	287
North Sea	**102**	–	–
Other International	**37**	–	–
Probable			
North America	**88**	86	97
North Sea	**32**	–	–
Other International	**10**	–	–
Total	**911**	640	384
Natural gas (billion cubic feet)			
Proven			
North America	**2,360**	2,183	1,905
North Sea	**91**	–	–
Other International	**66**	–	–
Probable			
North America	**402**	364	311
North Sea	**23**	–	–
Other International	**19**	–	–
Total	**2,961**	2,547	2,216
Daily Production			
Crude oil and NGLs (thousand barrels)			
North America	**154.3**	86.8	75.7
North Sea	**17.2**	–	–
Other International	**2.1**	–	–
Total	**173.6**	86.8	75.7
Natural gas (million cubic feet)			
North America	**792.9**	721.0	672.6
North Sea	**1.5**	–	–
Total	**794.4**	721.0	672.6
Average crude oil and NGLs price ($/bbl)	**29.99**	21.04	12.93
Average natural gas price ($/mcf)	**4.53**	2.36	2.12
Land holdings (millions)			
Gross acres	**21.2**	10.2	8.6
Net acres	**14.9**	8.6	7.2
Drilling activity (net wells)			
Crude oil wells	**333.1**	211.5	106.5
Natural gas wells	**408.1**	457.6	193.2
Injection wells	**37.7**	8.9	15.5
Dry and abandoned	**34.4**	49.3	42.7
Total	**813.3**	727.3	357.9
Success rate (%)	**96**	93	88

* Restated to reflect two for one stock split in June 1993.

TEN-YEAR REVIEW

1997	1996	1995	1994	1993	1992	1991
768.8	532.3	245.4	221.2	135.5	66.2	35.1
552.5	346.7	171.5	123.6	75.4	42.5	23.8
105.0	90.6	31.5	43.4	25.8	9.8	3.3
503.0	359.7	153.6	152.8	94.2	41.8	21.3
5.13	4.32	2.22	2.39	1.64	0.81	0.50
111.3	95.0	42.4	54.2	34.3	13.9	8.0
1.14	1.14	0.61	0.85	0.60	0.27	0.19
1,119.2	1,203.6	238.8	331.2	271.2	90.0	59.2
(18.6)	(0.8)	9.7	4.0	2.2	(2.0)	(0.4)
2,931.1	2,062.6	900.4	737.8	436.9	173.2	99.8
1,136.3	588.0	237.7	242.9	189.2	60.5	35.6
1,204.3	1,074.2	496.3	356.2	171.2	81.5	45.2
98.8	97.4	74.0	66.7	59.9	54.4	49.0
98.0	83.2	69.3	63.9	57.6	51.5	42.8
542	428	205	162	123	61	31
270	141	53	43	29	14	7
–	–	–	–	–	–	–
–	–	–	–	–	–	–
81	50	24	14	14	5	2
–	–	–	–	–	–	–
–	–	–	–	–	–	–
351	191	77	57	43	19	9
1,733	1,605	924	894	666	333	188
–	–	–	–	–	–	–
–	–	–	–	–	–	–
363	362	208	175	101	25	22
–	–	–	–	–	–	–
–	–	–	–	–	–	–
2,096	1,967	1,132	1,069	767	358	210
70.6	37.4	16.8	12.8	8.0	4.2	1.7
–	–	–	–	–	–	–
–	–	–	–	–	–	–
70.6	37.4	16.8	12.8	8.0	4.2	1.7
625.5	499.3	304.8	237.5	164.8	93.5	57.3
–	–	–	–	–	–	–
625.5	499.3	304.8	237.5	164.8	93.5	57.3
18.82	23.52	19.82	18.18	18.17	20.84	21.39
1.91	1.71	1.43	1.99	1.72	1.31	1.28
8.5	7.5	4.4	3.8	3.0	1.1	0.7
6.9	5.8	3.3	2.7	1.9	0.7	0.5
442.9	208.9	112.5	43.7	32.8	9.8	11.0
199.6	128.1	73.9	138.1	68.2	19.8	12.7
1.5	1.0	–	–	–	–	–
67.0	62.9	22.3	44.5	27.6	21.5	9.0
711.0	400.9	208.7	226.3	128.6	51.1	32.7
91	84	89	80	79	58	72

CORPORATE INFORMATION

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Calgary, Alberta

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TOM Capital Associates Inc.
Calgary, Alberta

John G. Langille
President,
Canadian Natural Resources Limited
Calgary, Alberta

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Bonavista Petroleum Ltd.
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The University of Calgary
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Evaluation Engineers

Sproule Associates Limited
Calgary, Alberta

AEA Technology
United Kingdom

Ryder Scott Company
United States

Stock Listing

The Toronto Stock Exchange
Symbol: CNQ

New York Stock Exchange
Symbol: CED

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